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THESIS

NAVY-CONGRESSIONAL INTERACTIONS
AND THE
RESPONSE TO MISSION BUDGETING

by

Peter John Henning

March 1977

Thesis Advisor: E. J. Laurance

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Among the conclusions reached is that the Navy organization designed to interact with Congress is effective in assessing and meeting

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With regard to Mission budgeting it was found that Congressional expectations in terms of format and content could be assumed identical to those of a small group centered on Senator Chiles. The overall level of Congressional interest in the requirement itself however, does not match that of this small group, as the Congress has historically relied upon line-item, rather than a programmatic approach to budgeting.

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Navy-Congressional Interactions and the Response to Mission Budgeting

by

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Lieutenant, United States Navy
B.S., Lehigh University, 1969

Submitted in partial fulfillment of the
requirements for the degree of

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from the

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March 1977

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PREFACE

This thesis assumes that the reader has a basic knowledge of the budgetary process, and is familiar with such terms as authorization and appropriation. Should this not be the case, a glossary immediately follows which is intended to provide definitions of the more important and frequently used terms encountered herein.

GLOSSARY OF TERMS

Agency mission: The basic end-purposes of an agency.

Appropriation: An act of Congress permitting Federal agencies to incur obligations and to make payments out of the Treasury for purposes stated in authorizing legislation.

Authorization: An act of Congress that (1) sets up or continues the legal operation of a Federal program or agency for a stated or indefinite period or (2) sanctions a particular type of obligation or expenditure within a program. It constitutes Congressional approval for the subsequent appropriation of funds. Or to paraphrase a frequently heard example: Authorization is like a hunting license, but you cannot shoot bear until the gun has been appropriated.

Budget authority: The authority provided by law to enter into government obligations which ordinarily result in outlays of public funds.

Budget committees: These are the two new committees (Senate Budget Committee and House Budget Committee) created under the auspices of PL 93-344 which are intended to coordinate the Congressional effort to regain control of the Federal budget by considering both revenues and expenditures in the budget formulation process.

Budget line item: An item specifically identified in an agency's budget submission or supporting justification data which does not have a general mission orientation.

Congressional Budget and Impoundment Control Act of 1974. (PL-93-344): This law represents a most significant attempt by the Congress to regain control of the Federal budget. The fragmented manner in which Congress had come to consider the budget and the mounting Congressional dependence upon the executive budget as a baseline all contributed to the enactment of this law. The catalyst however which provided the final impetus it needed for passage was the extensive use of the power to impound funds exercised by President Nixon. Thus only when it became obvious that Congress was losing the "power of the purse" to the executive was the environment suitable for the drastic reform measures embodied in PL-93-344. The law created budget committees (mentioned above) and the Congressional Budget Office (cited below). In addition it called for a revised time-table which calls for the new fiscal year

to begin on each October 1st. There are numerous deadlines such as May 15 for a "First Resolution" and Sept. 15 for a "Second Resolution". These Resolutions are tentative budgets, which become firmer as the Oct. 1 date approaches. Finally a deadline of Sept. 25 is specified as the time that reconciliation between the two resolutions must be complete. This timetable represents a vast departure from prior practices and was met with much skepticism both within Congress and by its observers. To the surprise of almost everyone however, the timetables have essentially been met, speaking well for the current health of the Budget Committees, Congressional Budget Office, and basic intent of the new law.

Congressional Budget Office (CBO): This office was created under the auspices of PL-93-344 and is intended to provide Congress with analytical capabilities similar to those provided the executive by the Office of Management and Budget (OMB).

Five Year Defense Plan (FYDP): The control document in the Planning, Programming and Budgeting System which delineates the Defense Department programs. See Figure 8 (p.70) for a listing of the ten major categories.

Mission area: Any subordinate purpose, sub-mission, segment or part of an agency's mission stated in end-purpose terms.

Mission need: A problem, deficiency, or lack of capability identified in an agency mission. Mission needs arise and are identified in various ways. They may result from an operational deficiency, a new technological opportunity, or changes in the operating environment. They are expressed independently of any program solution.

Planning Programming and Budgeting System (PPBS): The process introduced by Secretary of Defense R. S. McNamara which attempted to apply systems analysis techniques to evaluate alternatives in a rational manner. A program structure as specified in the Five Year Defense Plan was also implemented to aid in this process.

Program An organized set of activities directed toward a specified and affirmed purpose, objective, or goal, and undertaken by an agency to carry out its mission responsibilities.

Reprogramming actions: Changes in the application of financial resources from those originally contemplated and described in agency budget submissions that are approved by the Congress. Reprogramming actions provide some funding flexibility to executive agencies, but are subject to certain agreed upon restrictions that permit cognizant congressional committees to retain control over an agency's use of appropriated funds.

TABLE OF ABBREVIATIONS

CBO	Congressional Budget and Impoundment Control Act of 1974
DOD	Department of Defense
FY	Fiscal Year
FYDP	Five Year Defense Plan
GAO	General Accounting Office
HAC	House Appropriations Committee
HASC	House Armed Services Committee
HBC	House Budget Committee
HEW	Health, Education and Welfare
NAVCOMPLIA	Navy Office of the Comptroller, Appropriations Committees Liaison
OLA	Navy Department Office of Legislative Affairs
OMB	Office of Management and Budget
OP-906	Naval Operations Congressional Office and Policy Coordination Branch
PPBS	Planning, Programming and Budgeting System
SAC	Senate Appropriations Committee
SASC	Senate Armed Services Committee
SBC	Senate Budget Committee

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Finally I wish to thank my wife who is somehow able to provide ceaseless understanding regardless of the circumstances.

I. INTRODUCTION

The Congressional role in determining the future course of the Navy cannot be overestimated. In terms of the budget, 33% must now be authorized (with efforts in progress in the House to increase this to 100%), all of it must be appropriated, and with the emergence of the new Budget Committees, the entire budget is subject to more thorough scrutiny than ever before, as these committees will strive to limit the overall size of the budget thereby further enhancing the competition for increasingly scarce dollars. It is within this environment which the Navy seeks to optimize the effectiveness of its relationships with Congress. A fundamental assumption used in this research to ascertain the level of effectiveness achieved by the Navy is that the environment is not one that may be strictly described as rational. Rather it is assumed to be a combination of the three conceptual models (rational, organization, and political) which Allison describes at length in "Conceptual models and the Cuban missile crisis" [1]. Thus what cannot be understood in a strictly rational context becomes plausible from an organizational/political viewpoint. Assumptions and models aside, Congress has sought to reassert its responsibilities with regard to shaping foreign policy by increasingly considering the foreign policy implications of the defense budget. For example, much has been written concerning the rejection of the FDL primarily because it offered a means of rapid response which was more likely to embroil the U. S. in an increased number of brushfire wars that it otherwise would not be involved in [2].

The mechanisms whereby Congress has sought an increasing role in defense policy making have been noted by Laurance [25], Kanter [22], and Korb [24]. It is generally agreed that the days of "rubber stamping" the defense budget have disappeared in the wake of the Vietnam conflict and the emergence of a legitimate "anti-defense" block in the Congress. There seems to be a genuine desire within the Congress to become actively involved in the budgetary process via a programmatic framework.

As further testimony to this desire, the Budget Committees already mentioned were created by the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344) which is described at great length by Gates and Prose [15]. This new Budget Act is of significance to the Navy as well as to all other executive agencies, as a basic goal of the Act is to establish priorities among the competing agencies in an attempt to control the Federal Budget. While the history of the budgetary process shows that this has been a goal for some time this new Act represents the most exhaustive and earnest attempt thus far.

Congress was originally organized to consider the budget on an overall basis. The Ways and Means Committee in the House (1795) and the Finance Committee in the Senate (1816) were the committees having responsibility for both revenues and appropriations. This worked until the Civil War necessitated changes which created appropriations committees in both houses. From this point on, reform has been an attempt to regain the Congressional control of earlier years. In 1912 the Taft Commission on Economy and Efficiency recommended that a comprehensive budget be presented to Congress by the President. This recommendation was ultimately incorporated into the Budget and Accounting Act of 1921, which specified that an executive budget be submitted to Congress each year along with

establishing the Bureau of the Budget (now OMB) and the General Accounting Office. The Bureau of the Budget was to aid the President in preparing the annual Federal budget while the General Accounting Office was to help Congress in discharging its oversight function by conducting after-the-fact audits designed to insure expenditure of public funds met with Congressional expectation and approval. While it is clear that this Act helped the executive branch to centralize its budgetary process, the more or less fragmented array of Congressional committees that dealt with the budget were left undisturbed. Thus the executive was given the responsibility and the means of determining at least the "first-cut" of the Federal budget each year. In the years that passed, and as the executive expertise grew in this area, the Congress came to depend more and more upon this executive budget as their baseline. Furthermore, Congress lacked the tools as an institution to compete with the Bureau of the Budget. Even the GAO was primarily designed to conduct audits, and not to prepare budgets. Congress realized this inability to create a budget independent of the executive and attempted to change this situation in the Legislative Reorganization Act of 1946 which created a Joint Committee on the legislative budget intended to serve this purpose. Lacking the resources available to BOB, and the political power needed to reconcile divergent Congressional interests, the effort failed. The Budget became increasingly less manageable and out of control, as far as Congress was concerned.

An example of this is found in a paper by Crecine and Fischer [8] which defines "The Great Identity." The Great Identity is simply that Total Federal Revenues + deficit or Surplus = DOD expenditures + non-DOD expenditures, or put even more succinctly "a deficit results when

expenditures exceed revenues." Unfortunately the realization of the Great Identity is a necessary but insufficient condition to result in a balanced budget. This is because the demand for our resources exceeds the existing supply and as yet there has not emerged a disciplined means of allocation that acknowledges this.

The result is that the national debt continues to increase at an alarming rate to its present total of 750 billion dollars, which in FY 1977 necessitated an expenditure of 40 billion dollars for interest alone.

To recognize and to implement the so-called "Great Identity" relationship is a purpose of the Congressional Budget Committees and budget office created under the auspices of PL-93-344. Thus the Budget Committees are given the broad authority required to consider the budget as a whole while the Congressional budget office is designed to provide the Congress with analytical capabilities comparable to those provided to the executive branch by OMB.

Among the many changes wrought by the Act there are several which directly affect the Navy, such as the need for a current services budget, year-ahead requests for authorizations, and "mission and program budgets." The requirements for the latter and the response to these requirements will be used as a specific example in examining Navy-Congressional interactions.

It cannot be denied that the relationships between the Navy and Congress are highly complex and dynamic, and that the new Budget and Reform Act has rendered them even more so by the addition of several new "players" [1].

Formal interaction between the Navy and the Congress occurs in hearings, briefings, and when responding to official requests for information. The major committees involved in these interactions are the Armed Services Appropriations, and new Budget Committees.

The intent of this thesis is to explore the extent and nature of these interactions, with emphasis on the Navy and DOD response to the "mission and program budget" requirement of PL-93-344 (see sect. 601(i)). Four years ago, prior to the enactment of Public Law 93-344, a similar study was conducted by Berry and Peckham [6]. There have been additional studies including two "Handbooks for Navy Witnesses Appearing before Congressional Committees" [21], [28]. This investigation is intended to provide a "snapshot" of the current attitudes, expectations and relationships associated with the Congressional-Navy interactions. It must be emphasized that such a snapshot runs the risk of obsolescence in view of the dynamic realities of the environment under examination. Hopefully this study will uncover some of the basic forces at work which serve to both form and alter the events observed by this author.

II. DESIGN OF INVESTIGATION

The previous section has demonstrated why it is so important for the Navy to effectively communicate its requirements to a revitalized Congress. In order to satisfy this need the Navy handles its legislative affairs through a special internal organization which will be discussed in the next section.

In judging the effectiveness of this organization in dealing with Congress, this thesis will use as a yardstick the degree to which the Congressional expectations of this organization are met. Thus, what occurs can be compared with what is expected. Also the extent to which these expectations are recognized will be discussed. This procedure was chosen because it emphasizes the importance of Congressional desires, and it is the goal of the Navy tc meet these expectations to the extent practicable. It must be emphasized that throughout this investigation the temptation to view the action of this organization as if it operated in a vacuum devoid of "guidance from above" was shunned.

Once the procedure of comparing realities with expectations was chosen, interviews were conducted with particular emphasis given to the Naval Office of Legislative Affairs (OLA), Navy Office of the Comptroller, Appropriations Committee Liaison Office (NAVCOMPLIA), Navy Policy Coordination Branch of the Director of Navy Program Planning (OP-906), House Armed Services Committee (HASC), House Budget Committee (HBC), House Appropriations Committee (HAC)[1], Senate Armed Services Committee (SASC), Senate Budget Committee (SBC), Senate Appropriations Committee (SAC)[1],

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[1] Subcommittees for defense.

and the Congressional Budget Office (CBO). The individuals interviewed, the majority of which were staff personnel or middle managers, were all asked a series of questions (see Appendix A) to which they responded with their candid comments. It then became necessary to interpret these responses in a consistent and impartial manner. Therefore, while this effort is albeit qualitative, it is not merely a single point of view, but rather represents the painstaking synthesis of the many expert opinions gathered throughout the research.[2] Additionally, care has been taken to include the current expert opinions encountered during the literature search when deemed appropriate to further substantiate or illuminate a particular observation brought forth during one or more interviews.

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[2] Any views or implications drawn from this research effort are therefore the sole responsibility of the author.

III. ORGANIZATIONAL STRUCTURE OF THE NAVY FOR CONGRESSIONAL RELATIONS

Figure I shows the Washington headquarters organization for the Department of the Navy.[3] The chart has been modified to show where NavCompLia, OP-906, and the system command legislative offices belong. Figure I depicts the formal organization which is designed to discourage unauthorized personnel from lobbying in Congress in pursuit of their particular interests.

Figure 2 is a condensation of Figure I showing which portions of the Navy organization service the various Congressional Committees. Figure 2 also shows the effect that DOD has on the organization as well as depicting a sample "end-run" which circumvents normal channels of communication. This end-run is frequently used despite the existence of the formal organization shown in Figure I. The ultimate "end-runner" is Adm. Rickover as will be discussed in later sections.

It is important to note that OLA works directly for SECNAV while NAVCOMPLIA reports to ASN for Financial Management via NAVCOMP. Therefore neither OLA nor NAVCOMPLIA work directly for the CNO. It is an explicit duty of OP-906 to insure that any out-going information is consistent with CNO policy. OP-906 receives "taskings" from OLA and NAVCOMPLIA which require that specific information be provided. OP-906 then tasks the pertinent OPNAV action addee. Any formal written response is then processed back through OP-906 to insure that its content reflects

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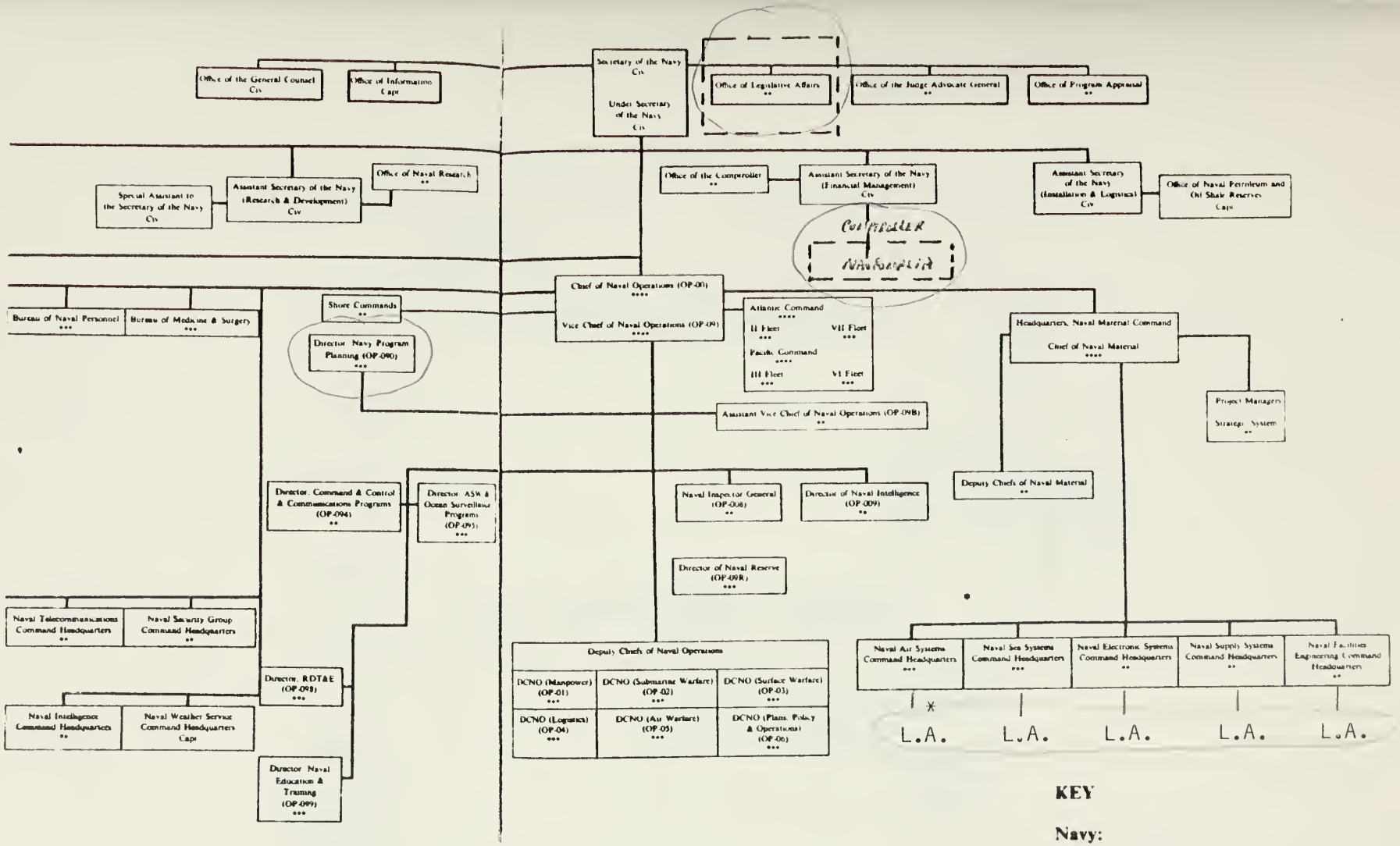
[3] Figure I appeared in the book "On Watch" by Adm. Zumwalt (ret). The serious student of Navy-Congressional affairs should read "On Watch" as it offers a rare glimpse of these relationships at a level which is normally inaccessible to all save the participants.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Office of Information Capt
Secretary of the Navy Civ
Under Secretary of the Navy Civ
Office of Legislative Affairs **
Office of the Judge Advocate General **
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COMPTROLLER
NAVSUPPLIR
Bureau of Naval Personnel ***
Bureau of Medicine & Surgery ***
Shore Commands **
Director Navy Program Planning (OP-090) ***
Chief of Naval Operations (OP-00) ****
Vice Chief of Naval Operations (OP-09) ****
Atlantic Command ****
II Fleet ***
VII Fleet ***
Pacific Command ****
III Fleet ***
VI Fleet ***
Headquarters, Naval Material Command
Chief of Naval Material ****
Project Managers Strategic System **
Assistant Vice Chief of Naval Operations (OP-09B) **
Director, Command & Control & Communications Programs (OP-094) **
Director ASW & Ocean Surveillance Programs (OP-095) ***
Naval Inspector General (OP-008) **
Director of Naval Intelligence (OP-009) **
Deputy Chiefs of Naval Material **
Director of Naval Reserve (OP-09R) ***
Naval Telecommunications Command Headquarters **
Naval Security Group Command Headquarters **
Director, RDT&E (OP-098) ***
Naval Intelligence Command Headquarters **
Naval Weather Service Command Headquarters Capt
Director Naval Education & Training (OP-099) ***
Deputy Chiefs of Naval Operations
DCNO (Manpower) (OP-01) ***
DCNO (Submarine Warfare) (OP-02) ***
DCNO (Surface Warfare) (OP-03) ***
DCNO (Logistics) (OP-04) ***
DCNO (Air Warfare) (OP-05) ***
DCNO (Plans, Policy & Operations) (OP-06) ***
Naval Air Systems Command Headquarters ***
Naval Sea Systems Command Headquarters ***
Naval Electronic Systems Command Headquarters **
Naval Supply Systems Command Headquarters **
Naval Facilities Engineering Command Headquarters **
*
L.A.
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KEY

Navy:

- **** Admiral
- *** Vice Admiral
- ** Rear Admiral

Marine Corps:

- **** General
- *** Lieutenant General
- ** Major General
- * Brigadier General

Civ. Civilian

*L.A. = Legislative Affairs

Figure 1. Navy Organization for dealing with Congress

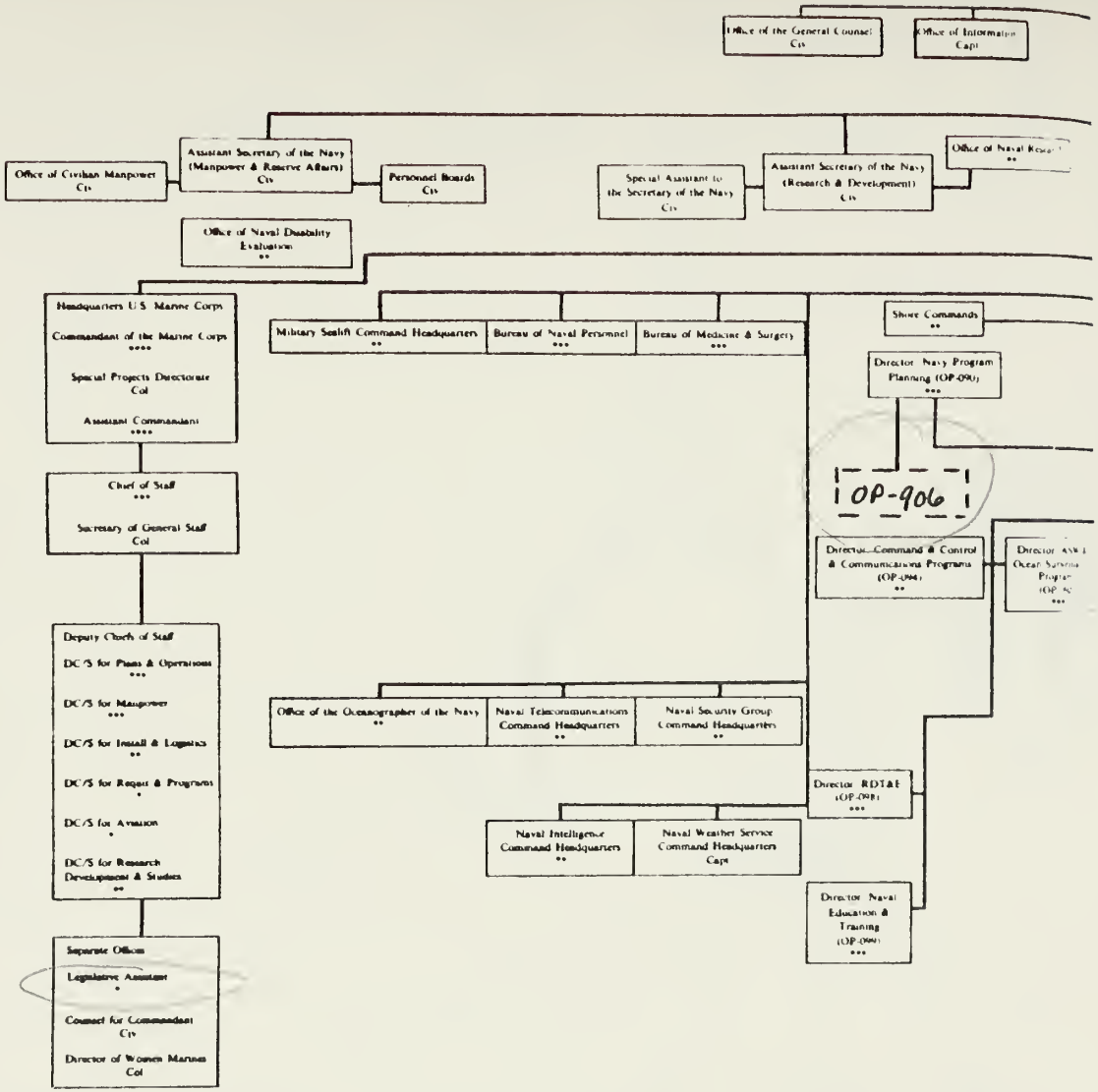

Figure 1. Continued

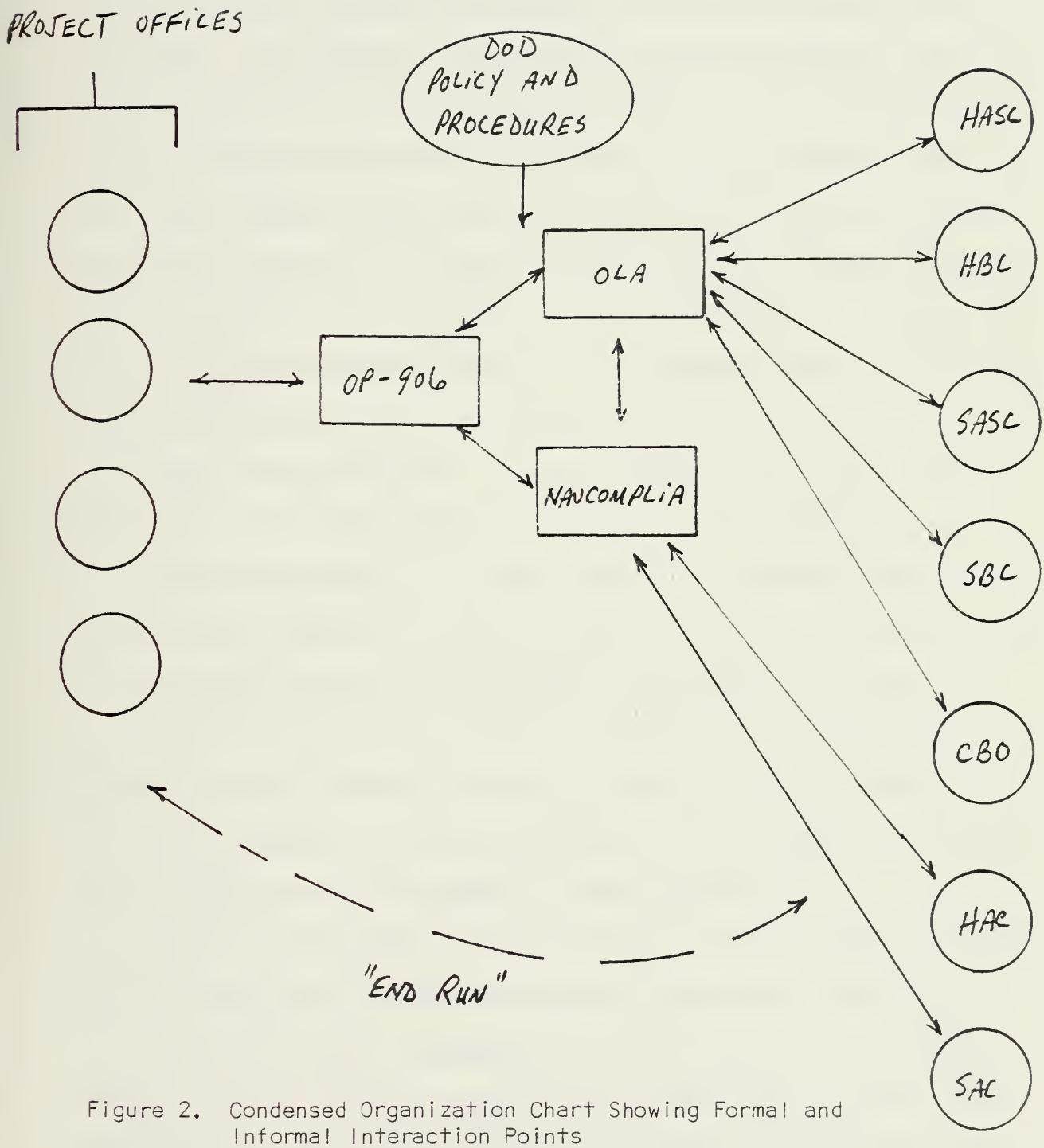

Figure 2. Condensed Organization Chart Showing Formal and Informal Interaction Points

current CNO policy. Often such taskings are extensive and time consuming requiring the aggregation of information arriving from various branches of OPNAV. For example information relating to the current size and projected growth of the U. S. Navy was requested by the CBO in order to prepare a paper which presented various options for future size [38]. The information required for a suitable response is not only extensive, but its intended use has far-reaching policy implications. In addition there are probably assumptions that are associated with the data which themselves have policy implications, for rarely are numbers completely objective. Thus these taskings that are processed by OP-906 are by no means trivial. OP-906 also maintains a "back-up file" containing some 400 point papers which provide an updated status of all on-going programs for CNO, as well as writing the roughs for a major portion of the yearly posture statement. For the purposes of this report however, the policy coordination branch of OP-906 is of more interest.

Another observation to be made is that all of the committees of interest except Appropriations deal directly with OLA, while Appropriations have a separate organization, NAVCOMPLIA, designed to serve them. The reason for this separation is that the Appropriations Committees prefer to work directly with people who can provide line-item information as opposed to programs and policy information. Thus NAVCOMPLIA was created and is maintained at the request of these committees.

There are duties other than clearing and following requests for information that OLA and NAVCOMPLIA assume, and these deal primarily with hearings and briefings. Hearings are formal sessions where Committee members question witnesses about specific items, general items or both. Briefings are less formal, and are held to inform a small group of Congressmen or professional staff people about more specific or detailed

program information. Both hearings and briefings are of great fiscal importance to any program. Representatives of OLA attend all hearings and briefings of Congressmen, their staffs, and Congressional Committees other than Appropriations. They prepare summaries of these hearings and briefings and send copies to SECNAV, ASN, CNO, VCNO, and OP-906. These summaries include a list of attendees, and an account of what transpired. OLA representatives try to obtain a list of potential attendees, and an idea of what type questions will be asked in advance of all hearings and briefings. This latter information is used to aid in preparing witnesses who appear before Congressional Committees. NAVCOMPLIA assumes a similar role for the Appropriations Committees with respect to hearings and briefings. However it is somewhat limited in this role as compared with OLA by a manpower constraint.[4]

The role of preparing witnesses for hearings and briefings is a critical one, as a major conclusion drawn by Berry and Peckham, and one which has intuitive appeal, is that a poor presentation in either instance could result in future program cuts.

Some preliminary implications may be drawn from the structure thus far described. First the existence of NAVCOMPLIA is testimony to the fact that the Navy seeks to be responsive to Congressional desires (as it may be argued that OLA and NAVCOMPLIA should be combined in the interest of more efficient operations) as well as to the power of these Committees. Second, OLA and NAVCOMPLIA are designed to provide rapid and accurate response to Congressional requests for hearings, briefings, and

---

[4] At the time of this investigation OLA consisted of over 60 personnel while NAVCOMPLIA had three (including clerical and administration personnel).

information. OP-906 exists to insure that this response is consistent with CNO policy. Thus "where you stand depends upon where you sit" is very much at work in the organization described, as it is not too difficult to imagine situations where the rapid and accurate response needed by OLA or NAVCOMPLIA will run counter to CNO policy or DOD policy with which CNO must concur.

These frequently diverging goals, rapid and accurate response on one hand, and information consistent with CNO policy on the other, are an extension and result within the executive department of the separation of powers existing in the government as a whole. OLA and NAVCOMPLIA must work more closely with Congress than the rest of the organization shown in Figure I if they are to be effective. It was found that these diverging goals within the executive department caused minimal problems that were handled effectively. Indeed it is the much greater intensity of the Congressional-Executive adversary relationship in general which is the source of the major problems encountered, and which originally pointed to the need for the very organization analyzed. This Congressional-executive tension heightens at budget time, and it is particularly intense with respect to the DOD budget, as that budget has been increasingly viewed as the major "controllable" portion of the entire Federal budget.[5] Whether or not one agrees with this viewpoint does not lessen the increased scrutiny the defense budget is subject to as a result that it is held by many. Thus the entire organization shown in Figure 2 seeks to minimize the

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[5] A controllable expenditure is one that may be significantly altered by the Congress on a yearly basis where uncontrollable expenditures are those which have been authorized by previous legislation and cannot be altered without changing current law. Interest in the national debt is generally viewed as totally uncontrollable. For a discussion of controllability, uncontrollability and the relative measures of each see [35].

deleterious effects of the executive-Congressional adversary relationship which is caused in part by competition for scarce budget dollars. This minimization of adverse effects is accomplished by meeting to the extent possible the Congressional expectations described in the next section.

IV. CONGRESSIONAL EXPECTATIONS

Much of this section may seem to many so obvious that it should be assumed as implicit in the problem. It is the author's observation, however, that much criticism of government operations in general stems largely from a lack of knowledge of the circumstances as they actually exist. During one interview I noticed a plaque which read "Assume nothing." It is in that spirit which the following is information regarding Congressional expectations is offered.

A. KNOW CONGRESS

Congress is and considers itself to be a co-equal institution. As an institution it therefore expects all who become involved with it to be familiar with some of its history, mores, and daily operations. There are some aspects of Congressional operations that are more basic than others. For instance, the most important of all is that time is of the essence on Capitol Hill. While this in itself is a simple-minded concept, to present a poor brief, necessitating another visit, or to delay in answering a question is to violate this basic premise. Thus every attempt should be made to determine what type of questions will be asked at a hearing or a briefing and to tailor the presentation to cover these points. Similarly it is expected that requests for information will be processed rapidly.

Another aspect of Congress to be aware of is the importance of the professional staff personnel. It has been observed that many of the senior committee staff people have more power than the junior Congressmen

themselves. "Congress" then, must be extended to include these highly important staff people who in many cases are critical in determining the outcome of key issues. The remark that, "Congressmen are what they eat, and the staff feeds them" is not to be taken lightly.

Congress also expects that advice given in the past regarding management of specific programs will be acted upon in the future. It is therefore necessary to be conversant with prior testimony and to be able to provide updates upon request. Explanations as to why some advice was not followed, if that is the case, should be readily available. This further underscores the need to avoid a "canned" presentation when appearing before a Congressional Committee.

At no time should the perceptive and intuitive abilities of the Committee members be underestimated as the following excerpt taken from "Politics of the Budgetary Process" attests to:

> Such is the unhappy tale of the State Department official who refused to admit that a Chinese language program would necessarily have a deferred pay off in view of the fact that we had no formal diplomatic relations with Communist China and the number of men we could send to Formosa was limited.
>
> Representative Rooney: I find a gentleman here, an FSO-6. He got an A in Chinese and you assigned him to London.
> Mr. X: Yes, sir. That officer will have opportunities in London--not as many as he would have in Hong Kong, for example.
> Representative Rooney: What will he do? Spend his time in Chinatown?
> Mr. X: No, sir. There will be opportunities in dealing with officers in the British Foreign Office who are concerned with Far Eastern affairs....
> Representative Rooney: So instead of speaking English to one another, they will sit in the London office and talk Chinese?
> Mr. X: Yes, sir.
> Representative Rooney: Is that not fantastic?
> Mr. X: No, sir. They are anxious to keep up their practice....
> Representative Rooney: They go out to Chinese restaurants and have chop suey together?
> Mr. X: Yes, sir.
> Representative Rooney: And that is all at the expense of the American taxpayer? [36]

B. CANDOR

Honesty and candor are also expected at all times. What is meant here is not honesty in the strict sense of the word, but rather a willingness to answer the question that has "really" been asked. That is, some questions can be honestly answered without revealing anything, or they can be answered in such a way as to provide material that is useful to the Committee.

This issue of candor lies at the heart of Navy Congressional interactions and clearly puts in focus the realities of the Constitutional separation of powers. The question is really one of where do the management prerogatives of the executive end and the oversight responsibilities of the Congress begin? As will be seen later, in examples taken from testimony, this issue goes unresolved, and no doubt will continue to be so as was originally intended in the system of "checks and balances" created by the founding fathers.

C. UNITY

As a corollary to the precept that time is very limited on Capitol Hill, Congress expects that each executive agency will have a management strategy resulting from internal agreement when presented to Congress to substantiate funding necessary to implement this strategy. This applies particularly to major programs. A genuine lack of consensus within an executive agency when recognized as such by Congress, can only become a source of future concern and scrutiny.

V. THE NAVY RESPONSE

A. KNOW CONGRESS

In many ways the findings of this research are very much different from those discovered four years ago by Berry and Peckham. The transcripts of the interviews conducted by the latter, reveal a consistently negative attitude regarding the effectiveness of the Navy organization for dealing with the Congress in almost all areas. Based upon these interviews their conclusions were inescapable. Adverse comments regarding long delays, and ignorance of the legislative process were abundant. It was felt that clearly Congressional expectations were not being met.

This was not the observation made during this investigation. This widespread negative attitude was displaced by those ranging from "prudent caution" to positive. More specifically it was felt that the individuals actually working within the Navy organization dealing with Congress had an excellent understanding of the institution and its needs. The majority of those interviewed felt that there was an increased awareness of the importance of time and for the professional staff. There was almost universal agreement that the extent of candor had increased. Thus the general conclusion reached during this time frame was that the effectiveness of the Navy organization that deals with the Congress is excellent given the constraints which will be enumerated later.

There was of course some criticism. The number of witnesses appearing before hearings and briefings was almost in every case considered to be too large. This "overkill" was considered by some as an attempt to intimidate while others saw it as an attempt to be responsive. Those in

the latter group added that when too many witnesses are brought in an attempt to insure that any question can be answered, it looks that much worse if the desired information still cannot be provided. The comment was made that personnel brought along for training or educational purposes should always be in civilian attire. OLA and NAVCOMPLIA recognized this problem and said that it was a continual battle to keep the number of witnesses to a minimum. The Committee staff people verified this, adding that after requests were made to reduce the number of witnesses, the number would dip for a while but then always increase again. This problem has long been recognized by the Navy in general, as a VCNO memorandum of 1973 directing a reduction in the number of witnesses illustrates (Appendix B).

Delays in providing information were also mentioned in numerous interviews. Concern ranged from an attitude of understanding why the delays occurred, to one of calling for "further civilian review of the defense establishment." Most people agreed that information was only provided when it was in the interest of the Navy to do so, and if this were not the case then there would be delays that were proportional in length to the sensitivity of the information desired. Information concerning the Shipbuilding Supplemental[6] of September 1976 is a case in point. This information was requested to support the "emergency" status which must be in evidence to substantiate the approval of a Supplemental budget

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[6] It must be emphasized that "Supplemental" requests are those made in addition to the needs expressed annually in the Presidential budget. Prior to the enactment of PL-93-344 Congress came to expect that DOD would submit a supplemental budget request each year, and DOD had every reason to believe that it would be granted. A very significant result of PL-93-344 has been to curtail the use of supplemental budget requests unless a clear emergency exists.

request. This proviso represents a further departure from "business as usual" that was introduced by Public Law 93-344. It was felt that had there been a true emergency the information would have been forthcoming, such as that relating to the Belknap collision. This incident further underscores the effect of the new budget Committees, as shown in a letter dated September 20, 1976, from Brock Adams, Chairman HBC to Melvin Price, Chairman HASC. Concerning the Supplemental request (see Appendix E for full text):

> Section 402 of Public Law 93-344 provides that no authorization reported after May 15 may be considered in the House absent an emergency waiver. The House Budget Committee has generally opposed granting waivers for authorization bills reported after May 15. In view of the fact that these ships have already been considered and rejected by the Congress this year and no clear emergency exists, I, as Chairman of the Budget Committee, would oppose any waiver of the required reporting date under Section 402(a) of the Budget Act.

The information in support of an emergency situation was never provided, and the Supplemental died in the HASC without debate. One could ask, why didn't OLA see to it that the information was provided? The answer may be found in Figure 2 and is labelled "DOD policies and procedures". Thus the first constraint imposed upon the organization analyzed is that its operation is at times regulated by high level forces within DOD.

B. CANDOR

The issue of Candor gives another good example of an additional constraint imposed upon the Navy organization examined. This constraint may be summarized as the unprecedented degree of respect which Adm. Rickover has amassed on Capitol Hill. Here are some of Adm. Rickover's views on Candor:

> Admiral Rickover. Well, the real decisions are made by the Chief of Naval Operations, and you know that as well as I do. I can talk to you as a nice naval officer, or I can tell you the truth as I see it. Which way would you rather have me testify? [31]

Senator McIntyre. The truth, sir, always. (underlining added)

Later in the same session he added:

> Admiral Rickover. Of course, the essence of the strength in Congress is that you learn to judge the credibility of the witnesses. Is that not correct, sir? You are really a grand jury to decide because with all of your manifold duties you cannot possibly get into every technical detail of all sorts of things discussed in your hearings.
>
> I can say in defense of what I have said that I think I have been a pretty credible witness before this and other congressional committees all of these years. I have had slippages. Everybody has slippages because unforeseen events occur. But I think you will find as far as slippages, and as far as cost overruns, I am about as good as anyone in the Defense Department. Whether you agree with me or not, I believe if you look back at my record over the last 20 years or so, you will find that I have given you good testimony.

Clearly these statements serve to focus on the issue of candor as one which involves more than honesty in the strict sense of the word. It is the extent of candor which is really the nub. It soon became obvious in this research effort that an investigation purporting to examine Navy-Congressional interactions could not avoid inclusion of a description of the unique role which Adm. Rickover himself plays. As the foregoing testimony indicates Adm. Rickover has earned an unprecedented degree of respect on Capitol Hill. The following excerpt from testimony before the SASC on May 4, 1976 serves to underscore this precept:

> Senator Goldwater. Admiral, I wish the Pentagon were filled with people like you.
>
> Admiral Rickover. <u>You couldn't have more than one like me</u>, sir.
>
> Senator Goldwater. I have a hunch we could, if we would reward honesty. (underlining added) [33]

The Admiral's statement, "You could only have one like me, sir" is not to be taken lightly. Consider the following information taken from Adm. Rickover's opening statement at the May 76 hearings before the SASC:

> I have been associated with the naval nuclear propulsion program for more than a quarter of a century during which time there have been: 13 Secretaries of Defense; 15 Deputy Secretaries of Defense; 12 Directors of Defense Research and Engineering, including former positions of Chairman, Research and Development Board and Assistant Director for Research and Engineering; 8 Assistants to the Secretary of Defense for Atomic Energy, including former Chairmen of the Military Liaison Committee; 14 Secretaries of the Navy; 15 Under Secretaries of the Navy; 11 Chiefs of Naval Operations; 12 Vice Chiefs of Naval Operations; 5 Chiefs of Naval Material since the position was established in 1963; and 10 Commanders of the Naval Sea Systems Command, including the former positions of Commander, Naval Ship Systems Command, and Chief, Bureau of Ships.
>
> On the average, each of these 115 key officials in the approval chain held his position a little over two years. In any given year, about 4 of these 10 top positions had a new incumbent. Since my own tour of duty in this program spans this entire period, I undoubtedly have a different view of the events which have occurred than do the legions of officials I have mentioned, and their numerous subordinates--all of these constantly rotating officials had to approve my requests before I could proceed with my work. [33]

With these credentials, and with the nuclear power program as an on-going testimony to his effectiveness, it is natural that when Adm. Rickover speaks people listen. Clearly Adm. Rickover has obtained a unique position which has a profound effect upon the nature of Navy-Congressional interactions in many areas, one of which is the extent of candor which Congress comes to expect of all witnesses. Equally clear is the fact that he represents an external constraint to the organization examined in that he constantly employs the "end run" shown in Figure 2 without fear that such a path will be closed to him in the future.

In "The Politics of the Budgetary Process" Aaron Wildavsky describes various "strategies" that are used by executive branch in order to obtain the desired level of funding from Congress, and the potential duplicity that these strategies introduce.

> Consider the kind of duplicity that appears to be involved in the game wherein agency people make believe that they are supporting the President's Budget while actually encouraging Congressmen to ask questions that will permit them to talk about what they would

> really like to have. Is this behavior immoral or does the immorality belong to the Executive Office directive that tries to compel agency personnel to say things they do not believe in order to support the President? (underlining added)

Later on the same theme he says

> Taking advantage of the separation of powers and the division of labor in Congress may seem inordinately manipulative until one asks whether or not there is any reasonable alternative. As things stand now, an agency may suffer because it lacks support in one of the Houses of Congress, in the substantive or appropriations committees, in the Conference Committee, or in the Executive Office. The American political system provides many detours, not to say reverses and roadblocks. To ask the agency not to take advantage of an opportunity for using superior strength in one of these centers of power is to consign it to permanent impotence unless it is so fortunate as to be loved equally everywhere. A code of conduct which states that only the disadvantages of the system are acceptable is rather strange.[36] (underlining added)

These excerpts are intended to show that the extent of candor involves much more than honesty in the strict sense of the word and that Adm. Rickover is pursuing the strategy which he feels will further his programs, and ultimately the national interest. It should be emphasized that the existence of several strategies does not mean that all are not aimed at the same goal (end) of national security. The problem is defining the route (means) of getting there. These strategies contribute greatly to the complexity of the Navy-Congressional interactions even if they are generally viewed as legitimate and perhaps necessary given the present budgetary environment, which is highly competitive.

C. UNITY

Interviews also uncovered a widespread feeling that the Navy lacked a unified direction, particularly with respect to its shipbuilding programs.

For example, the late Senator Hart had this to say at a SASC hearing in May 1976:

Senator Hart. Mr. Secretary, it is a little late to ask questions, but I would like to make a couple of observations and invite you or the other gentlemen to comment.

DIFFERING VERSIONS OF NAVY

One of the most difficult problems in dealing with the Navy is to know which Navy you are talking about. Right now the chart shows essentially three navies, the original administration Navy, that is to say, the total several months ago; and the House Navy, which I think at least to some degree results from information disseminated from the military desires, and so on; and then there is the augmented or supplemented Administration's Navy. And I think to some degree the three navies are the result of what you might call several other navies.

Not overly personalizing it, I think the struggle historically, between what you could call the Rickover Navy, and with deference to Senator Byrd, the Zumwalt Navy. And I think the House to some degree has tried to bridge those navies, which is why we got the bigger number from the House.

I guess what I am saying here is that what we need is a single Navy. I understand from your comments to Senator Culver and Senator Nunn earlier that you are keeping a foot in the door--you want both navies; you want a mix, as you say. But I don't see how we get the mix by pursuing, if you will, a Rickover Navy, essentially, for 10 or 15 years, and then all of a sudden, in 1976, saying, what we need is in addition, not instead of, but in addition to the Rickover Navy, we need a Zumwalt Navy.

So that is an observation that I want to make. I am terribly confused, with the limitations I suggest, as to which Navy we really want and which Navy we can really afford. (underlining added) [33]

This commentary is typical of the current widespread feelings on Capitol Hill regarding a seeming lack of internal consensus within the Navy. Indeed the belief is that there are "two Navies" for many budgetary purposes. Moreover there was consensus among those interviewed that the Navy "had to do something about the lack of unity" that the Congress perceived. The Navy definitely feels the repercussions of this perception as is evidenced in Table I. Note that the HASC action has been to significantly alter the President's proposed budget in many areas. Thus this perception is a source of continual concern to the Navy.

TABLE I
The HASC action on the FY 1977
Presidential budget for shipbuilding

FY 77 BUDGET OPTIONS

(Numbers Show -- Quantity of Ships Procured/Costs in Millions)

SHIPS	PRESIDENT'S BUDGET	HASC ACTION	ADJUSTMENTS TO PRESIDENT'S BUDGET	NEW BUDGET
TRIDENT	1/$ 792	2/$1520	-	1/$792
ATTACK SUBMARINE (SSN 688)	3/$ 999	4/$1316	-	3/$999
CARRIER (CVNX)	-	0/$ 350	+0/$350	0/$350
STRIKE CRUISER (CSGN)	0/$ 170	0/$ 302	-	0/$170
AEGIS DESTROYER (DDG-47)	1/$ 859	-	-	1/$859
USS LONG BEACH AEGIS	-	0/$ 371	-	-
ASW DESTROYER (DD 963)	-	4/$ 940	-	-
FRIGATE (FFG-7)	8/$1180	4/$ 590	+4/$521	12/$1701
SUPPORT SHIPS	3/$ 637	6/$1235	+1/$103	4/$740
USS BELKNAP	-	1/$ 213	-	-
CLAIMS/COST GROWTH	$1694	$541	-	$1694
TOTAL SHIPS	16	21	+5	21
TOTAL SCN COSTS ($ MILLIONS)	$6290	$7378	+$974	$7264
ADDED R&D FUNDING	-	-	+$200	+$200
TOTAL ADDITIONAL FY 77			+$1174	$7464

It is interesting to note that the 371 M. for Long Beach Conversion to Aegis recommended by the HASC and later adopted by the SASC, was subsequently appropriated. These funds remain unobligated at this writing and provide evidence that unity has not yet been achieved.

The "two Navies" concept is of course directly related to the foregoing discussion of candor, which involves presenting the merits of various programs as the witness actually views them. It is simply not possible for OLA, NAVCOMPLIA, OP-906, or anyone else in the Navy for that matter, to reconcile the opposing views that Congress receives. It all stems again from the unique role that Adm. Rickover has assumed, which may be illustrated again in a quote from "On Watch" in which a student of the Washington scene remarked "Congress really doesn't think of Rick as an Admiral at all, but kind of as a Senator." There are those in the Navy who do not think the comparison is valid. One was Adm. Zumwalt who wrote:

"As for the SSN-658 like everything in which Rickover has a hand, it had complications leading to ramifications resulting in henanigans, all of which I shall sketch in the next chapter."[7]

It is obvious that the perception of two Navies is accurate and that there is nothing that the organization examined here can do about it. The sample of interviews conducted now becomes critical. There were no interviews conducted with Congressmen or Senators themselves as the time constraint already mentioned made it difficult enough to locate professional staff people who were able to grant an interview. Thus while the staff agreed that this was a problem (two Navies; two viewpoints) it is not clear that the members themselves feel that way. Competent as a professional staff is, there is not one that can compete with that of Adm. Rickover. It is probable that the members maintain Adm. Rickover as a devil's advocate to augment their technical expertise in many areas. This would then be a classic approach to the traditional divide and conquer strategy used by Congress in discharging its oversight responsibilities. They are thus assured of viewpoint which opposes that of DOD (and the Navy), from the person in whom they have the most faith and trust. This opposing viewpoint may then be used as a wedge to uncover information that may otherwise remain unnoticed. Again it must be noted that only the Congress has the power to alter this practice.

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[7] If the reader finds this dialogue as interesting as the author does turn to Appendix G to find comments given by Adm. Rickover concerning "On Watch" given before the SASC May 5, 1976.

VI. CAUSES FOR IMPROVEMENT

It has been reported that the Navy organization designed to know and serve Congress has in many ways improved in performance from that observed by Berry and Peckham.

1 The first and primary reason underlying this increased effectiveness is the people staffing the organization described. OLA in particular was singled out as an organization having personnel that were highly responsive to Congressional needs and desires, and who in addition could perform the necessary manipulations required to make things happen. The philosophy at OLA is to choose people who have proven to be past "high achievers" in the fleet, rather than to emphasize a formal training program designed to teach "Congressional interaction." This philosophy is an outgrowth of the controversy regarding on-the-job vs. formal training and definitely favors the former with the caveat that the personnel be essentially hand-picked. Regardless of the general controversy, the OLA philosophy has reaped tangible benefits, as evidenced by the many positive statements regarding the effectiveness of this organization. The same can be said of NAVCOMPLIA, with the proviso that many individuals interviewed considered the scope of their work to be more narrow than that of OLA. That is, OLA is involved with both policy and data whereas NAVCOMPLIA is concerned with only the latter.

2 A second set of reasons for this increased level of effectiveness as perceived by Congress can be lumped into a category called "the environment." Clearly the general anti-defense feelings that were so prevalent 4 years ago have diminished and been replaced in part by a

growing concern over the Soviet threat as illustrated by the following exchange between Senator Nunn, and Adm. Holloway, CNO:

> Senator Nunn. So if we do two scenarios, you would say in the NATO scenario, keeping the sealines open in a NATO contingency, we would have a thin margin. In an all-out Soviet secret attack against the U. S. Navy for the purpose of destroying the U. S. Navy, we would not have any margin at all?
>
> Admiral Holloway. Under the circumstances of a total effort by the Soviets to destroy the U. S. Navy regardless of what consequences it might evoke--whether such an action might be viewed by our National Command Authority as a basis for retaliatory nuclear strike--I think that under those circumstances there is probably a 50-50 chance our Navy could carry out its tasks and defeat the Soviets.
>
> Senator Nunn. Because of that latter answer I find that not comforting, but I find it very discomforting. In my opinion I don't think the American people would define our capability as superior if that scenario takes place. [33]

As further evidence of the changing environment consider the responsive pro-defense chord Governor Reagan struck in his recent bid for the Republican nomination. The firing of Secretary of Defense Schlesinger and the Soviet intervention in Angola were additional examples actually cited by Congressional staff members as events serving to alter the general attitude toward defense from less "anti" to more "pro".

3 A third reason for this increased level of effectiveness has been the emergence of the budget committees created by PL-93-344 as these committees have directly impacted upon the traditional roles of the Armed Services and Appropriations Committees. In setting self-imposed limits in the first concurrent resolution of May 15 the Budget Committees cast the authorizing committees into the potential role of defense advocates. The rationale is that the authorizing committees will lose power if their proposals are altered significantly by the budget committees. Efforts to work more closely with the Defense Department could

indeed be the result of this Congressional power struggle. Thus within Congress itself there is motivation to pursue "normalized interactions" which further enhances the effectiveness of the organizations being discussed. Some of the other possible effects of the new Budget Act are addressed in the next section.

In those areas where there is still need for improvement this need is fostered by external forces that are beyond the power of the organizations examined to control. These forces simply transcend the organizations discussed. Interviews acknowledged these constraints and the need to work around them (to "move easy in harness" as Robert Frost would say). The findings show that these obstacles were avoided to the extent practicable, and that service was satisfactory in spite of them.

It has also become evident that an analysis of "Navy-Congressional interactions" is a very enterprising undertaking if pursued seriously. The need for increased expertise feeds itself. There is always one more article to read, or one more interview to conduct in order that a "true" image emerges. The complexity of the topic is such that the author finds that meaningful suggestions for improvements in current procedures are difficult to make. It can be said that such improvements would have to be in areas that are difficult to detect or that they would involve actions on a macro level relating to external constraints already discussed.

In order to further illustrate the complexity of these interactions the requirement for mission budgeting (sect 601(i) of PL-93-344) will now be examined in the same "expectation-response" context used for description of the general interactions already given. It is possible to offer some recommendations regarding this very limited but important requirement, and this will be done in a later section.

The reader should be advised that the Navy response to mission budgeting has not been substantial at this writing, for reasons which will be enumerated in later sections. This fact does not lessen the challenge that such a requirement will pose to future Navy-Congressional interactions however, which makes the subsequent discussion all the more relevant.

VII. MISSION BUDGETING - CONGRESSIONAL EXPECTATIONS

A. BACKGROUND

Enactment of PL-93-344 represents the most far-reaching and comprehensive attempt at budget reform ever made. In the words of Senator Ervin, D-N.C., "This is one of the most important pieces of legislation that Congress has considered since the First Congress." Of great interest and concern is not only the size of the budget, but of course how the resources are allocated among the various competing agencies. Mission budgeting is envisioned by many in Congress as a primary technique whereby these priorities may be determined.

The requirement for mission budgeting is set forth in section 601(i) of PL-93-344:

> "(i) The Budget transmitted pursuant to subsection (a) for each fiscal year, beginning with the fiscal year ending September 30, 1979, shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of--
>
> "(1) a detailed structure of national needs which shall be used to reference all agency missions and programs;
>
> "(2) agency missions; and
>
> "(3) basic programs.
>
> To the extent practicable, each agency shall furnish information in support of its budget requests in accordance with its assigned missions in terms of Federal functions and subfunctions, including mission responsibilities of component organizations, and shall relate its programs to agency missions."

In addition the law later states in Title VII that

> The Secretary of the Treasury and the Director of the Office of Management and Budget, in cooperation with the Comptroller General of the United States, shall develop, establish, and maintain for use of all Federal agencies, standardized data processing and information systems for fiscal, budgetary, and program related data and information. (underlining added)

While the requirement, and cooperation needed to meet the requirement for mission budgeting is explicit, there is no mention made of a specific format that would be satisfactory. This is because at this point in time a suitable format having general acceptance did not exist. This situation was further aggravated by the fact that the existing authorizations and appropriations committees were not currently using a pure mission approach and the potential to resist a move in this direction was a distinct possibility. The feeling was expressed succinctly by one appropriations committee staff member who warned the budget committees "not to play with our line items." Indeed this warning was formally issued by the HAC with its estimates for the FY 1977 First Concurrent Resolution:

> ...the Committee notes with concern the tendency to identify and to make recommendations for specific line items. While these line item recommendations have no actual effect, they do tend to obscure the overall macro-economic responsibilities of the Budget Committee and to needlessly duplicate much of the hearings and deliberations that are the responsibility of the authorizing and appropriations committees .... The Committee considers decisionmaking concerning specific line items and programs to be a responsibility of the Congress to be achieved through the regular authorization and appropriations process. The Committee urges that the contents of the reports on the Concurrent Resolutions on the Budget be confined to the purposes set forth in the Act. (underlining added)

The HBC responded in its report of the First Concurrent Resolution for FY 1977 in this manner:

> The Committee did not consider individual line items in arriving at this estimate, but rather examined the rates of growth in purchases, inflation rates, and the large and growing unexpended balances currently available to the Department which may become available for transfer under existing procedures from appropriated purposes and used in lieu of new budget authority for funding programs proposed in the budget [9].

Thus actions taken by the budget committees must necessarily include an assessment of potential effects upon the other Congressional Committees if they are to be effective.

B. EVOLUTION

Nevertheless a budget utilizing a mission format is required of all executive agencies by FY 1979, and many attempts have been made to implement this requirement earlier, indicating that impetus for such a presentation definitely exists. Further analysis shows that the primary source of this impetus is Senator Lawton Chiles (D-FL) who was also a member of the Commission on Government Procurement. In December 1972 this Commission reported to Congress that it recommended a mission budget approach. In 1973 Government-wide mission budgeting legislation was introduced in the form of the "Congressional Budget Control and National Priorities Act of 1973." (Senate report no. 93-675). This legislation was not enacted; however, it did pave the way for Sect. 601(i) and firmly establish Senator Chiles as an avid proponent of mission budgeting.[8]

This Senate report (93-675) defined "agencies missions" as

> (b) The term "agencies missions" means those responsibilities for meeting national needs which are assigned to the departments, agencies, and subdivisions of the executive branch. The missions of an agency are to meet those national needs for which they are assigned responsibility. Agency missions are defined in terms of the hierarchy of national needs and the hierarchy of national needs must be matched to the missions of all agencies. [39]

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[8] Initial attempts to determine the true requirement for mission budgeting format in this investigation met with frustration. The requirement as stated in sect. 601(i) did not specify a specific format. Further inquiry indicated that Senator Chiles was very interested in mission budgeting. Sen. Chiles was a member of the Government Commission on Procurement which recommended mission budgeting and is also a member of the Committee on Government Operations which drafted the "Congressional Budget Control and National Priorities Act of 1973," which was the forerunner of PL 93-344. The author then took the simplistic view that of one satisfied Sen. Chiles appetite for a mission budget in terms of content and format, then the requirement as vaguely described in sect. 601(i) would also be satisfied. This is a basic assumption of this analysis and has yet to be actually tested, although there are indications, as will be seen, that it is valid. Thus "Congress" in this sense has been reduced to a small group centered on Sen. Chiles for the purposes of defining the expectations associated with mission budgeting format and content.

and cited the following as catalyst for the proposed reform:

> All this makes Congress painfully dependent upon Presidential agencies, notably OMB, for essential program and financial information. It gets only what the executive gives, and only when the executive gives it. This dependence seriously erodes the ability of Congress to function as an independent institution with the dual responsibility of establishing national priorities and controlling expenditures. Of course, Congress generally has little trouble finding out what the President wants; the budget itself is an encyclopedia of facts and preferences. But Congress often has great difficulty extracting information about options not favored in the President's budget. As a matter of fact, the budget is often presented and defended in a manner that thwarts the consideration of alternative courses of action. So huge is the budget and overwhelming the publicity marshaled in its behalf, that Congress literally takes weeks to recover from "budget shock," absorbing the bewildering array of information and coming to grips with the billions of dollars of decisions. (underlining added)[39]

In this report examples involving the mission budget approach for HEW and DOD were also presented. It should be pointed out that in theory the mission budget requirement is one that extends to all Executive Agencies, and is not meant to be used as a means of harassing individual agencies. For example, Testimony of Eliot Richardson, then Secretary of HEW, indicated that agency was in need of change:

> Here, I am--as one must be--deeply troubled by the sense of failure, of frustration, of futility which pervades much of our human resource system--much of our society. And I am thoroughly convinced that the conceptual framework which has guided us in past is no longer tenable.
>
> For the foreseeable future there will remain the necessity to fix administrative responsibility for the resolution of issues which cut across Health, Education, and Welfare organizational units.
>
> The Bureaucratic Labyrinth: Since 1961, the number of different HEW programs has tripled, and now exceeds 300. 54 of these programs overlap each other; 36 overlap programs of other departments. This almost random proliferation has fostered the development of a ridiculous labyrinth of bureaucracies, regulations and guidelines.
>
> The average State now has between 80-100 separate service administrations and the average middle-sized city has between 400 and 500 human service providers--each of which is more typically

organized in relation to a Federal program than in relation to a set of human problems.

But in none of this is there a rational approach to priority-setting. The appropriation process is itself highly fragmented. HEW's resource allocation is determined piecemeal by ten different subcommittees--with no coordination of any kind. [39]

The Congress is not organized to bring the process of budgeting under rational control. (underlining added)

This fragmentation of the Federal budget, at the time the report was printed in 1974, is illustrated in Figure 3 which shows the overlap of Federal functions with Federal agencies.

CURRENT FRAGMENTATION OF BUDGET INFORMATION

FEDERAL FUNCTIONS	EXECUTIVE DEPARTMENTS: Funds appropriated to the President	Agriculture	Commerce	Defense	Health, Education and Welfare	Housing and Urban Development	Interior	Justice	Labor	State	Transportation	Treasury	Number of other Independent Federal Agencies	Total Number Separately Budgeted Executive Organizational Units
National Defense	x			x	x							x		
International Affairs & Finance	x	x								x	x			
Space Research & Technology														
Agriculture & Rural Development		x				x								
Natural Resources & Environment		x		x			x			x				
Commerce & Transportation	x		x	x		x	x	x			x	x	16	24
Community Development & Housing		x				x								
Education & Manpower					x	x	x		x			x	15	21
Health					x	x							3	
Income Security	x	x			x				x	x			4	
Veterans Benefits & Sciences	x			x		x								
Interest												x		
General Government	x							x	x			x		
													Total:	103

Figure 3. Fragmentation of the Federal Budget

The Report went on to recommend changes in the HEW and DOD budget formats. It is here that the first glimpse of what is meant by the "mission budget" structure can be found.[9] Figure 4 shows the alternative budget structure proposed for defense in this report.

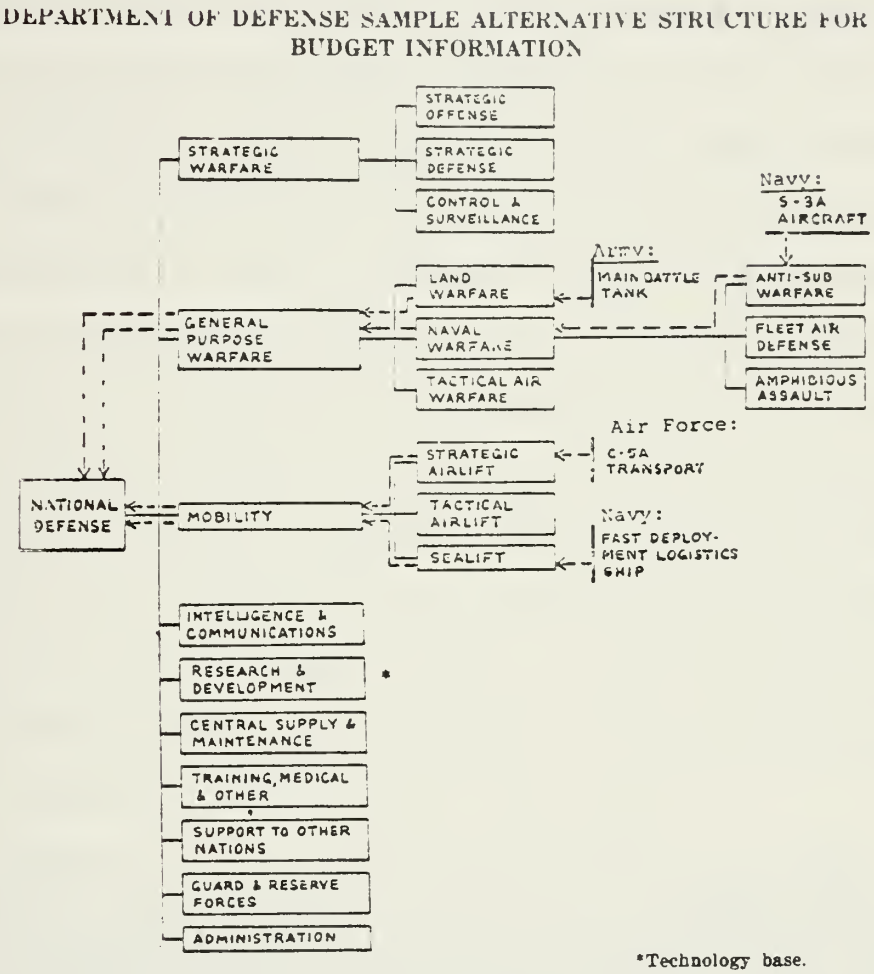

Figure 4. Alternative Budget Structure from Senate Report 93-675

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[9] The December 1972 Report of the Commission on Government Procurement (Part C) also provides good background information of the conceptual framework which led to the current requirement [32].

Additional information is then provided which shows how major programs such as Cheyenne and Trident are started and maintained without sufficient visibility to Congress. Thus the intent of this Senate report was to render more meaningful Congressional review of the executive budget. Congress also wanted to enter the decisionmaking process at an earlier point, and disliked major programs being started without conscious approval by Congress. Mission budgeting was to be used, in part, as a means of changing this situation by altering the format and content of budget submission. In addition, Congress sought to force a reconciliation of individual service perception which in their view resulted in parochialism and in less efficient expenditures than would otherwise be the case if mission budgeting were employed. As could be expected the executive branch voiced "fundamental misgivings" about these requirements particularly with respect to who would be responsible for defining the national priorities and by what criteria. A copy of the letter sent by OMB can be found in Appendix C; however their "misgivings" can perhaps be best illustrated by this portion of the letter:

> We subscribe to the concept that resources in the Federal Government should be applied against national needs. However, our recent experiences with the Planning, Programming, Budgeting System and, later, in attempting to articulate and set national goals independently of the political process have illustrated graphically the difficulty of being able to identify and gain agreement on a single set of national needs that are comprehensive in scope and yet are specific enough to allow budget based goals and objectives to be structured against the accomplishment or fulfillment of these needs. Moreover, the specifying of national needs in the formal manner specified by S. 1414 would result in a much less flexible system than the present one, and thus inhibit both the Congress and the Executive from being able to respond to new needs in a timely and efficient manner. We would therefore suggest that the requriement for the identification of program needs not be legislated but allowed to evolve, as required, to meet the needs of both the executive branch and the Congress. (underlining added)

While the Congressional budget control and National Priorities Act of 1973 was not enacted, the requirement for mission budgeting lives in

PL-93-344. Moreover this requirement is very similar indeed to that delineated above.

C. THE PRESENT REQUIREMENT

What is a mission budget, and how does it differ if at all from the current 5-year defense plan (FYDP) currently utilized by DOD? That question is best answered by considering Table II which compares the proposed mission structure with the appropriations structure and with the Five Year Defense Plan. Figure 5 shows how replacing the appropriations structure with the mission structure would render the budget a more meaningful document in terms of output. Tables III and IV then show a method whereby composition and trends in mission spending may be more easily determined. Thus, from the Congressional viewpoint, mission budgeting is the only means whereby inputs may be related to outputs in a visible manner which will allow Congress the ability to become involved at the critical "front-end" of the decision making process, while at the same time providing an input to the foreign policy implications of the defense budget.

This belief is emphasized in a letter from Senator Chiles to Senator Muskie dated March 10, 1975.[10] Part of the contents are as follows:

> As I see the task ahead of us, we have two basic choices in the way we approach, analyze, debate and justify the national defense function:
>
> (1) a "line-item" approach, devoting attention to a collection of separate issues and weapons programs; or (far left Table II)
>
> (2) a "mission" approach to collect all relevant programs and activities into a complete framework of defense missions, such as strategic offense, theater air defense, and others. (center Table II)

---

[10] Both Senator Muskie and Senator Chiles are on the Senate Budget Committee. Senator Muskie is the Chairman.

APPROPRIATIONS STRUCTURE

- Military Personnel
  - -- Army
  - -- Navy
  - -- Air Force
  - -- Marines
  - -- Reserves
  - -- National Guard
- Retired Personnel
- Operations and Maintenance
  - -- Army
  - -- Navy
  - -- Marines
  - -- Air Force
  - -- Reserves
  - -- Defense Agencies
  - -- National Guard
- Procurement
  - -- Army (aircraft; missiles; tracked vehicles; ammunition; other)
  - -- Navy (aircraft; weapons; shipbuilding; other)
  - -- Air Force (aircraft; missiles; other)
- Research, Development, Test and Evaluation
  - -- Army
  - -- Navy
  - -- Air Force
  - -- Defense Agencies
- Military Construction

PROPOSED MISSION STRUCTURE

- Strategic Warfare
  - -- Strategic offensive
  - -- Strategic defensive
  - -- Strategic command, control and communication
- Tactical Warfare
  - -- Sea control
    - - naval projection and sea control
    - - sea area control
    - - amphib operations
  - -- Air warfare
    - - air superiority/interdiction
    - - close air support
  - -- Land Warfare
    - - combat forces
    - - combat support forces
    - - other forces
  - -- Tactical mobility
- Defense-Wide Support
  - -- Intelligence
  - -- Communication
  - -- Technology base R&D
  - -- Management
- Non-real Program Value
  - -- Retirement pay
  - -- International aid

TABLE II. Alternative Budget Structures

FIVE YEAR DEFENSE PLAN

- Strategic Forces
- General Purpose Forces
- Intelligence and Communications
- Airlift and Sealift
- Guard and Reserve
- RDT&E
- Central Supply and Maintenance
- Training and Other Personnel Activities
- Administration
- Support to Other Nations

SPENDING FOR DEFENSE INPUTS:

President's Authority Request

- MILITARY PERSONNEL $25.5
- OPERATION & MAINTENANCE $32.1
- PROCUREMENT $29.3
- RESEARCH, DEVELOPMENT, TEST AND EVALUATION (RDT&E) $10.9
- CONSTRUCTION $ 2.3

100.1

BUYING DEFENSE MISSION OUTPUTS:

- STRATEGIC WARFARE $?
  - -- OFFENSE ?
  - -- DEFENSE ?
  - -- COMMAND & CONTROL ?
- TACTICAL WARFARE $?
  - -- SEA CONTROL ?
  - -- AIR WARFARE ?
  - -- LAND WARFARE ?
- DEFENSE-WIDE SUPPORT $?
  - -- BASIC RESEARCH ?
  - -- INTELLIGENCE ?
  - -- COMMUNICATIONS ?

Figure 5. Mission Inputs Related to Mission Outputs

- WHICH DEFENSE CAPABILITIES ARE TAKING WHAT SHARES OF MANPOWER? DEVELOPMENT (RDT&E)? PROCUREMENT? SUPPORT?

FISCAL 1976 vs. FISCAL 1977

	RDT&E	PROCUREMENT	MANPOWER	SUPPORT
• Strategic Warfare -- Strategic offensive -- Strategic defensive -- Strategic command, control and communication				
• Tactical Warfare -- Sea control - naval projection and sea control - sea area control - amphib operations -- Air warfare - air superiority/ interdiction - close air support -- Land Warfare - combat forces - combat support forces - other forces -- Tactical mobility				
• Defense-Wide Support -- Intelligence -- Communication -- Technology base R&D -- Management				
• Non-real Program Value -- Retirement pay -- International aid				
TOTALS (OUTLAYS)	TABLE III.	Composition of Mission Spending		

- WHERE ARE RESOURCES SHIFTING TO PROVIDE DIFFERENT DEFENSE MISSION CAPABILITIES?

	Fiscal Years '62 →	'76	'77	→ '81
• Strategic Warfare -- Strategic offensive -- Strategic defensive -- Strategic command, control and communication		?	?	
• Tactical Warfare -- Sea control - naval projection and sea control - sea area control - amphib operations -- Air warfare - air superiority/ interdiction - close air support -- Land Warfare - combat forces - combat support forces - other forces -- Tactical mobility		? ? ?	? ? ?	
• Defense-Wide Support -- Intelligence -- Communication -- Technology base R&D -- Management		?	?	
• Non-real Program Value -- Retirement pay -- International aid				
TOTALS (OUTLAYS)	TABLE IV. Trends in Mission Spending	$92.8	$101.1	

I am seriously concerned that if we fall into a "line-item" pattern of treating weapons and issues, we will, first, commit ourselves to a politically inexpedient duplication of the decision making to be made by the Armed Services and Appropriations Committees and, second, more importantly, we may foreclose our unique opportunity to have the Budget Committee provide, for the first time, a forum for examining higher-order decisions of defense policy and strategy which can be clearly linked to budget actions. (underlining added)

Clearly this letter reaffirms Senator Chiles commitment to mission budgeting. In responding, Senator Muskie has this to say in his letter dated 12 March 1975:

I share your concern that the Committee should, on the whole, avoid a "line-item" approach to budgetary issues. And I agree that the Committee should seek to provide in its work a forum, as you express it, "for examining higher-order decisions of defense policy." I find your suggestion that the Committee structure its work on the Defense budget around mission objectives and mission costs a constructive and attractive alternative.

Before exploring the DOD response to the mission budgeting requirement it is of interest to investigate what happened at HEW with regard to the requirement. The Subcommittee of the Committee on Appropriations conducted a special hearing in May 1976 to examine just this matter. In his opening remarks Senator Chiles indicates that HEW has in fact responded adequately to satisfy the needs of the Committee:

HEW began working with the subcommittee on this mission approach 2 years ago, and in January of this year, the committee wrote Secretary Mathews outlining our needs for 1977. That letter and his response, which provided the requested mission displays, will be included in the record at the conclusion of my remarks.

The displays, developed by HEW's comptroller, will allow us to view the totality of programs and resources devoted to individual health missions. At a glance, we can see precisely what our commitments is to knowledge development, to prevention, to providing direct medical care and to improving the capacity of service systems...

.....

I would like to thank you, Dr. Cooper, for the help which various members of the HEW staff provided in developing a format, which is compatible with both the planning work which you have done and with the way we described programs here at the committee. (underlining added)

Later in the same hearing, Senator Chiles once again acknowledges that the HEW response is satisfactory and comments that this is not true for the Defense Department.

> Senator Chiles. I appreciate that statement, and I think it is very helpful to us that HEW is working with us as we are trying to develop a format for this mission approach.
>
> I wish we could say that was happening with all of the agencies because I think by the time that we get to 1979 we will have worked out many of the major areas of problems, and we will have worked out something so that we all understand what are apples and what are oranges within what we are talking about.
>
> I wish I could say that the Department of Defense was that cooperative with us. We have been trying to get a little help from them into this, but we have not been able to succeed yet, but we will try again next year. (underlining added)[34]

Events leading to this assessment by Senator Chiles will be discussed in the next section titled "Mission Budgeting: The DOD Response."

VIII. MISSION BUDGETING: THE DOD RESPONSE

In order to adequately describe Senator Chiles' negative assessment made in May 1976 regarding the DOD response to mission budgeting, some background is necessary. Attempts to get the information began in July 1975. (It should be remembered that the law required mission budgets in FY 1979.)

On 18 July 1975 Senator Hollings as Chairman of the Senate Budget Committee Defense Task Force formally requested Secretary of Defense Schlesinger to provide a mission budget format as soon as possible (also see Appendix E):

> This letter is to request that the Defense Department begin as soon as possible to work with the Senate staff to develop such a budget presentation. Please coordinate this effort through Senator Chiles' representative, Mr. Lester A. Fettig.

In September of 1975 the Defense Department began an internal effort to develop the new mission budget structure desired by the SBC. On 8 Dec 1975 Secretary of Defense Rumsfeld was again requested to submit the information, this time by Senator Chiles who enclosed a list of desired categories. This list appears in Figure 6 (next page), and the similarities between it and that proposed in Senate report 93-675 (Figure 4) are striking.

Secretary of Defense Rumsfeld responded to this request in a letter dated 10 Jan 1976. This letter summarized the actions taken to date in order to respond to the Congressional requirement:

> Over the months we have made available the complete details of our program down to the program element, which is the basic building block of DOD's planning, programming and budgeting system. We have also

Defense Mission Structure

Strategic Warfare

- Strategic offensive
- Strategic defensive
- Strategic command, control and communication

Tactical Warfare

- Sea control
  - Naval projection and sea control
  - Sea area control
  - Amphib operations
- Air warfare
  - air superiority/interdiction
  - close air support
- Land Warfare
  - combat forces
  - combat support forces
  - other forces
- Tactical mobility

Defense Wide Support

- Intelligence
- Communication
- Technology base R&D
- Management

Non-real program value

- Retirement pay
- International Aid

Total

Figure 6. Mission Structure

made frank disclosure of the flexibilities and limitations which exist within the present system insofar as our capability to reallocate to your suggested mission is concerned.

We have also had discussions with the Office of Management and Budget and with the staffs of the various interested Congressional Committees, including the Budget Committees, on the various possible responses to Section 601 of Public Law 93-344, the Congressional Budget Act of 1974. This provision requires that the federal budget for FY 1979 be submitted on a mission basis. As you can appreciate, this will require definition of the views and needs of the various Congressional Committees as well as other agencies within the executive branch.

Notwithstanding these longer range objectives, it is our intention to be responsive to your near-term requirements. Terence E. McClary, the Defense Comptroller, is prepared to work with you and Lester A. Fettig of your staff to make sure your needs are met. (underlining added)

Note that this letter implies that further definition of the requirements for mission budgeting is needed (see underlining); however this short fall was rapidly being rectified by the SBC. The defense task force acknowledged the past actions cited and gave further specific guidance in a letter dated 22 Jan 1976. Some excerpts are as follows:

As a result of discussions with Mr. McClary and his staff, we have come to an agreement that a mission budget presentation could be presented by the Defense Department in the format submitted to you. This format is more detailed than that provided to the committee last year. However, it conforms rather closely to the structure now used by OSD for its own fiscal guidance...

...

We realize that there is uncertainty in how to best allocate elements of overhead to specific missions, and questions on how to best redefine the missions themselves. (underlining added)

The format that was alluded to in the letter is the same which is shown on the previous page in Figure 6. Thus at this point there is no longer a question as to whether or not the desired format had been communicated to DOD. It had been. In fact the identical format was published in the Washington Post on March 5, 1976 as a portion of the second of two articles concerning defense spending by Senator Chiles. It was becoming evident however that reservations similar to those originally

raised by OMB with respect to the ordering of national priorities were present at the Defense Department. This feeling was formally transmitted by Secretary Rumsfeld in a letter dated 6 Mar 1976 which concluded:

> It is my view, therefore, that I should continue to present and justify the Defense budget to the Congress by the appropriation structure and major program categories already used within DOD. We will continue to work with you, the other Congressional Committees, Congressional Budget Office, and Office of Management and Budget to determine how this program structure should be revised to meet the requirements of Section 601 of PL 93-344 by the FY 79 objective date. (underlining added)

Thus it is evident why Senator Chiles had let his frustrations become known in May 1976. The opposing viewpoints summarizing this confrontation are shown in a letter sent to Secretary Rumsfeld by Senators Muskie and Bellman. These viewpoints are as follows:

(1) DOD. A mission budget requires statistical allocation of data by use of algorithms, and the product is not derived directly from the DOD accounting system.

Senate Budget Committee. The use of statistical allocation algorithms is expected and acceptable to the Committee.

(2) DOD. A mission budget requires allocation of fixed as well as variable costs which may invite an unjustified conclusion that a cut in divisions permits a proportionate cut in allocated support activities.

Senate Budget Committee. It is our opinion that to be totally meaningful, fixed costs must also be allocated. However, the Budget Committee does not recommend specific cuts or increases in such things as divisions or wings. That is the responsibility of the Authorization and Appropriations Committees.

(3) DOD. A mission budget provides data useful for macro-analytical purposes but not for financial control due to the allocation requirements.

Senate Budget Committee. The Budget Committee evaluates budget data in macro-analytical terms.

(4) DOD. Submission of mission budget information for Fiscal Year 1978 introduces mission categories before views of OMB have been considered.

Senate Budget Committee. The Committee recommends that as the requested information is prepared, the DOD discuss the effort with OMB, and the Committee staff will also work with OMB in this regard.

(5) DOD. A mission budget provides data that could be misunderstood or misused.

Senate Budget Committee. The Committee staff believes it thoroughly understands the DOD budgetary system, and there is little likelihood that a misunderstanding or misuse of the data would be made by the Committee. (underlining added)

The letter went on to say that the SBC had voted unanimously in the spring that DOD should provide a mission budget for FY 1978 despite the fact that the law had previously set FY 1979 as the deadline. An enclosure to the letter (see Appendix D) provided the desired structure which is again essentially that shown in Figure 6.

Thus the DOD response, and hence Navy response, to mission budgeting has not been one which merits high marks from Congress. The validity of this strategy will be discussed later. For the purposes of analyzing the Navy response to this requirement however, what has been described so far provides a fine example of what the "DOD policy and procedures" input in Figure 2 means. The point is that the Navy is constrained by DOD policy and is unable to respond to a requirement until the nature of that response has been first defined and approved by DOD. Hence the actions taken by the Navy in response to the mission budgeting requirement have been minimal.

IX. WHY HAS THE DOD RESPONSE FALLEN SHORT?

It must be first pointed out that while the DOD response is currently short of Congressional expectations, the original requirement was for FY 1979 which explains in part some of the lassitude described in the last section. There are numerous other reasons however, five of which have already been listed on the previous pages. The concern that a mission budget will be misused (number 5) and hence become a means of justifying cuts in the defense budget is one of the strongest objections. For example in the article published in the Washington Post (5 March 1976) already mentioned, Lawton Chiles says of the present appropriations structure:

> "This appropriations structure itself implicitly perpetuates inter-service overlap and duplication."(underlining added)

Then later with respect to mission budgeting:

> "It's not hard to see that such a mission-oriented budget tells more about what Congress should be concerned with in controlling defense spending." (underlining added)

This article emphasizes the negative aspects of three services (potential overlap) without mentioning the positive aspects associated with the competition three services creates. Alain Enthoven and Harry Rowen argue that:

> "...One of the most important things any defense allocation mechanism should do is to help prevent gaps from appearing in our capability... [I]t is valuable to have the separate Services 'looking for business', trying to expand and take on new jobs...Human limitations being what they are, there is good reason to believe that a decentralized competitive system, in which people have incentives to propose alternatives, will usually meet this test more effectively than a highly centralized system." [11] (underlining added)

It is also understandable that such a concern should surface especially in view of the earlier discussion of the relative controllability of the Defense budget vis-a-vis the remainder of the Federal budget. This concern is further substantiated by those who feel that mission budgeting should be limited only to the Defense Department. For example one GAO memorandum in part:

> There are certain parts of the government, notably DOD, where a mission-oriented budget structure would be a clear improvement over what now exists. I am entirely supportive of efforts to promote mission-oriented budgeting in those areas. Considering the history of resistance from the Services and their friends (resistance which neither OMB nor the White House has been willing to fight) I am not optimistic. But I find the logic sufficiently compelling to warrant the effort.
>
> At the same time, I don't think the logic of pushing for mission-oriented budgeting in DOD should be generalized into a position of saying everything in the budget should be built around missions.[11] (underlining added)

Clearly it should be expected that sentiments such as these will be met with some measure of resistance. The fact that mission budgeting is intended to be used for all agencies, as the example for HEW provided in this thesis shows, does not insure that it will not be used by many as a means to cut defense budgets which is exactly the cause for concern just described. Thus mission budgeting provides yet another example of the American political system at work. Where does management end and oversight begin?

Still another cause for slow response lies in the possibility that mission budgeting will become yet another budgeting format to contend with without lessening the burden elsewhere. For example there are currently 18 different computer languages that the Army must use in order to meet its external and internal budget reporting requirements.

---

[11] Not for attribution.

Table V shows these languages and their relationships with each other. For example the program element (PE) language is the principal language used in communication with OSD. Table V clearly shows that the PE language interacts with all of the nine OSD languages. The Table also shows that the PE language cannot be used to provide interaction among all of the Army's internal languages. Thus the Army manages with its own procedures which aggregate, and analyze in terms of units, commands, procurement line items, development projects, and construction projects rather than by using the PE which is the building block of the FYDP. It is then necessary to use allocation algorithms to cross-walk information from the PE language to that used for reporting to OSD. These algorithms may or may not be a good approximation of "real-life" but are used in order that a reporting requirement may be met. If the mission budgeting format is to be meaningful the FYDP would have to be revised in order to eliminate the allocation algorithms which would have to be used if the current PE structure were maintained. These reservations were also listed in the five opposing viewpoints already mentioned as nos. 1 and 2, p. 62.

Another factor leading to a delay in response is that the bureaucratic inertia associated with any change must be overcome. After all the requirement for mission-budgeting is being actively pursued by only the budget committees at the present time (mostly SBC), and there is no assurance that the entire Congress is as enthused about the requirement as are those committees. The advocacy of the HAC for line items has already been mentioned. Also, the SASC has requested that the defense planning and programming categories (DPPC's) used to enumerate manpower requirements be improved:

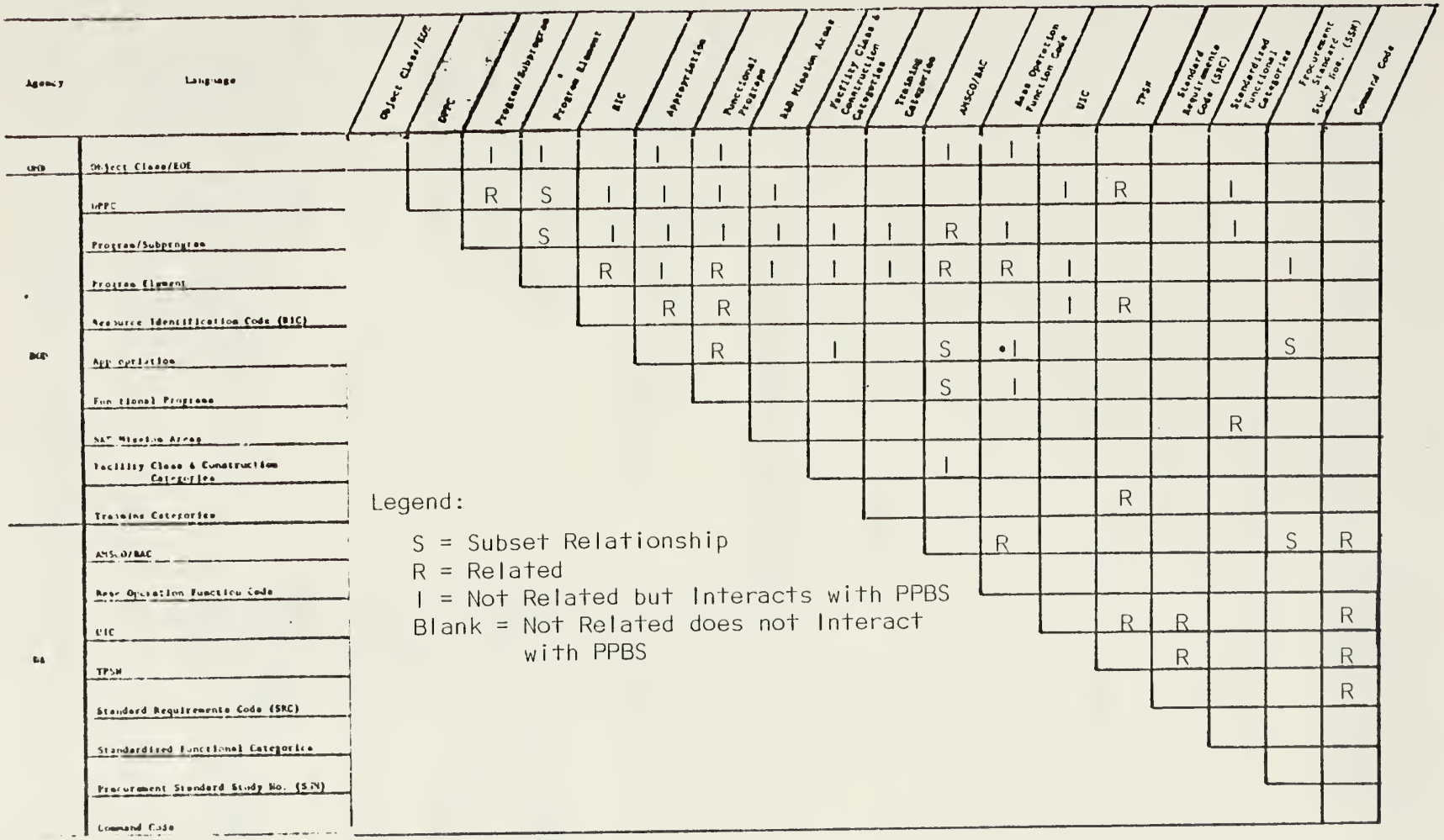

TABLE V. Lack of Budget Language Compatibility

"Specifically, the connection between the planning categories and actual missions and units in the field should be better developed, locations (e.g., overseas troops) should be related to the various planning categories and the categories used by each Service should be consistent." (underlining added)

It is important to note that the DPPC mission categories are not the same as those requested by the SBC (see Figure 7) giving further credence to the fact that Mission Budgeting will become just one more addition to an every-burgeoning list of reporting requirements. At the heart of the matter is the fact that the PE of the FYDP would have to be significantly altered to render the mission format meaningful, and to surmise that this change would require that a great deal of Bureaucratic inertia be overcome is understatement.

DEFENSE PLANNING AND PROGRAMMING CATEGORIES	
STRATEGIC FORCES	MISSION SUPPORT FORCES
Strategic Offensive Forces	Reserve Components Support
Strategic Defensive Forces	Base Operating Support
Strategic Control & Surveillance Forces	Force Support Training
	Command
GENERAL PURPOSE FORCES	CENTRAL SUPPORT FORCES
Land Forces	Base Operating Support
Tactical Air Forces	Medical Support
Naval Forces	Personnel Support
Mobility Forces	Individual Training
	Command
	Logistics
	Federal Agency Support
AUXILIARY FORCES	INDIVIDUALS
Intelligence & Security	Transients
Centrally Managed Communications	Patients & Prisoners
Research & Development	Trainees & Students
Support to Other Nations	Cadets
Geophysical Activities	

Figure 7. The Defense Planning and Programming Categories

X. A POSSIBLE BENEFIT TO DOD

This discussion assumes that the usefulness of the FYDP could be enhanced through restructuring. This is primarily because the program elements have a totally mixed orientation. Some are mission oriented, some are functionally oriented, while still others are program oriented. The ten major defense programs have a vertical structure (see Figure 8) which makes it difficult to associate the functional or support programs (7, 8, and 9) with elements of the mission programs which they support. Many values in the FYDP must be derived from allocation techniques. As stated before this requires decisions to be made in non-FYDP language and then a subsequent distribution of quantities involved back into the PE structure. Many internal management needs cannot be satisfied by the basic FYDP structure as no substructure exists for crosswalking, hence the only way to generate some information is by statistical allocation utilizing algorithms. So it is possible that through restructuring the 18 languages previously discussed (in relation to the Army) could be made at least compatible, and that would allow for crosswalking without having to rely upon algorithms. The effectiveness of the FYDP in managing resources is lessened by vague PE titles which make it difficult to relate resources in meaningful aggregations, such as units and functions. Clearly a force structure orientation is needed for each PE if the FYDP is to be used to communicate Defense missions. A PE substructure which further identifies resource details, such as functions and elements of expense, could then be used to ensure language

The Five Year Defense Program is comprised of ten major Defense programs which represent the mission and support responsibilities of the Department of Defense. Each major Defense program is subdivided into program elements whose mission characteristics are closely related. The ten FYDP programs are:

Program 1 - Strategic Forces
Program 2 - General Purpose Forces
Program 3 - Intelligence and Communications
Program 4 - Airlift/Sealift
Program 5 - Guard and Reserve Forces
Program 6 - Research and Development
Program 7 - Central Supply and Maintenance
Program 8 - Training, Medical and Other General Personnel Activities
Program 9 - Administration and Associated Activities
Program Ø - Support of Other Nations

Programs are structured in terms of both mission objectives and supporting objectives. Within each program mission, program elements and support program elements are combined to permit an aggregation of the total resources assigned to the program. Each program consists of as many individual program elements considered necessary to provide total visibility to the mission or support functions of the program.

Figure 8. The FYDP Categories

compatibility. Thus it is feasible that with such an enterprising response, the requirement for mission budgeting could be satisfied while at the same time increasing the effectiveness of the FYDP for internal management purposes.

The magnitude of such an undertaking should not be underestimated. It is possible however that such a mission format, as desired by the SBC, which clearly links expenditure with military capability could be used to more strongly support argument for increased rather than decreased expenditures. For example, consider the following taken from "On Watch":

> The point is that in the absence of thoughtful net assessments no defense budget can truly be rational, and by not producing such assessments, the executive branch has assisted in practice those it condemns in theory, the Congressional budget cutters. Henry Kissinger recognized the problem when he said at a meeting on 9 November 1970 that "he had been trying with a spectacular lack of success to get an answer to the simple question of what these [the budgeted] forces could do that another set of forces cannot do"--though Henry didn't like the answers when he did get them. Perhaps the new budget committees of the Congress will get into this field. If they do, they will get a collective shock about what has happened to this country's defense capabilities. (underlining added)

Clearly Adm. Zumwalt is of the mind that a mission budget specifying actual military capabilities will lead Congress to the conclusion that past expenditures have been inadequate to counter the threat as he (Adm. Zumwalt) perceives it. It was evident in many interviews that attitude prevalent at the highest Navy levels is that if a program does not adequately contribute to national defense it should in fact be cancelled in the national interest. In theory there is no objection to mission budgeting; it is just that in order to properly respond a massive change is required.

It should be noted that the Army has generated a mission budget in the format requested by the SBC which appears to satisfy the requirement of sect. 601(i) and is shown in Figure 9. This effort however is based

THE ARMY FIVE YEAR DEFENSE PROGRAM
FISCAL YEAR 1976
(FYDP $ TOA in Billions)

MAJOR MISSIONS	DEV INVESTMENT								OPERATING			TOTAL
	RDTE	ACFT	MSL	SHIP	WPNS & COMBA VEH	AMMO & OTHER	MIL ASST	CONST	IN-VEST TOTAL	MIL PERS	O&M	OPER-ATING TOTAL	
STRATEGIC WARFARE TOTAL	.3	*	*		*	*		*	*	*	.2	.2	.5
Offensive													
Bombers/Tankers													
ICBMs													
SLBMs													
Defensive	.3	*	*		*	*		*	*	*	.2	.2	.5
Interceptor													
ABM	.3	*	*		*	*		*	*	*	.2	.2	.5
Surveillance and Control	*	*	*		*	*		*	*	*	*	*	*
TACTICAL WARFARE TOTAL	1.3	.3	.4		.9	1.3		.8	3.8	8.8	6.9	15.7	20.7
Land Warfare	1.3	.3	.4		.9	1.3		.8	3.8	8.8	6.9	15.7	20.7
Combat Forces	1.1	.2	.3		.7	1.0		.6	2.9	6.6	5.2	11.8	15.8
Combat Support Forces	.1	.1	*		.1	.2		.1	.5	1.2	1.0	2.2	2.8
Special Mission Forces	.1	*	.1		.1	.1		.1	.4	1.0	.7	1.7	2.2
Sea Warfare													
Amphibious Operations													
Sea Control/Naval Projection													
Sea Area Control													
Air Warfare													
Air Superiority/Interdiction													
Close Air Support													
CCC													
Mobility	*												*
DEFENSE WIDE TOTAL	*	*	*		*	.2		*	.3	.5	.8	1.3	1.7
Intelligence	*	*	*		*	*		*	.1	.3	.3	.5	.6
Communications	*	*	*		*	.2		*	.2	.2	.6	.8	1.1

Figure 9. A Possible Army Response to Mission Budgeting

THE ARMY FIVE YEAR DEFENSE PROGRAM (continued)
FISCAL YEAR 1976
(FYDP $ TOA in Billions)

MAJOR MISSIONS	DEV	INVESTMENT							OPERATING			TOTAL
	RDTE	ACFT	MSL	SHIP	WPNS & COMBA VEH	AMMO & OTHER	MIL ASST	CONST	IN-VEST TOTAL	MIL PERS	O&M	OPER-ATING TOTAL	
CENTRAL DEFENSE MISSIONS TOTAL	.4	*				*		*	*	.3	.3	.6	1.0
Command Headquarters		*				*		*	*	.2	.3	.4	.4
Basic R&D	.4					*		*	*	*	*	*	.4
Central Personnel Support						*		*	*	.1	.1	.1	.2
TOTAL REAL PROGRAM VALUE	2.0	.3	.4		.9	1.6		.8	4.1	9.6	8.3	17.9	24.0
NON-REAL PROGRAM VALUE TOTAL	*					*		.1	.1	.1	*	.1	.2
Retired Personnel Support													
International Support	*					*		.1	.1	.1	*	.1	.2
National Programs													
TOTAL ARMY	2.0	.3	.4		.9	1.6		.9	4.2	9.7	8.3	18.0	24.1

Figure 9. Continued

upon the current PE structure which requires statistical allocation by algorithms which was described earlier and as such is not that accurate. It is conceivable that such a procedure could be extended to include all the services particularly if time dictates that such a response is the only one feasible that still satisfies the requirement.

Such a course of action does not fully capitalize on the opportunity present to more clearly articulate defense needs while at the same time upgrading internal management capabilities. For example consider Figure 10 which shows a matrix of Procurement PE's vs. FYDP programs. The current practice is to use algorithms to spread procurement costs over 137 PE's. (This total is shown in bottom right hand corner.) The proposed alternative would spread these costs over 24 mission oriented PE's delineated by the X's in Figure 10. This is but one small portion of the several alternatives that the Army is considering in order to respond to mission budgeting. While the Army is currently more active in this area then is the Navy, they are still waiting for further guidance from DOD before responding in earnest. It will be seen in the next section that to a certain extent DOD itself is gauging the level of overall Congressional interest.

NOTE: Array based on FY77 column of May 1976 FYDP.	1	2	3	4	5	6	7	8	9	0	Total
Program Element											
Aircraft Procurement		X	X		X		X	X			
Missile Procurement	X	X		none	X	none	X	X		none	
Procurement of Weapons and Tracked Combat Vehicles		X			X		X	X			
Procurement of Ammunition		X					X	X			
Other Procurement	X	X	X		X		X	X	X		
Total	1	49	28		42		3	9	5		137

Figure 10. FDYP Program Elements Having Procurement Cost Resource Identification Codes

XI. MISSION BUDGETING AND PPBS

The observation that mission budgeting is merely the Congressional answer to PPBS was voiced so often in interviews that it warrants comment here. It can be argued that a fundamental difference between PPBS and mission budgeting is that PPBS ignores that which cannot be quantified such as political considerations while mission budgeting allows that these pressures exist, and is in fact designed to accommodate them.

PPBS has been viewed with mixed feelings by Congress. There was significant opposition to PPBS at its inception, most notably in the HASC under the chairmanship of Mendel Rivers. In an article which describes this situation at length Kenneth Entin writes:

> This negativism was reflected in the majority's reluctance to fully accept the merits of PPBS and centralization under McNamara. Only three interviewees, when asked about the significance of PPBS, addressed themselves to the inherent value of this managerial technique. All others tended to evaluate the system in terms of its perceived impact upon particular groups, principally the military and the committee. Committee members were inclined to interpret centralization in a similar manner. McNamara was viewed as a political appointee who would not hesitate to protect his own interests by overruling military advice and distorting information. In fact, this assessment is consistent with the general belief of most committee members that centralization operates to restrict the flow of information to the group alone formal channels from military officials, principally the Joint Chiefs of Staff. [12] (underlining added)

The article goes on to describe the "Fearless Five" minority of the HASC who at that time were more receptive to the alleged merits of PPBS. An unexpected source of praise for PPBS came from Senator Proxmire in a speech he made on the floor of the Senate April 25, 1974:

> Today, however, there is another issue of military improvement and excellence I would like to address, and that is the question of management innovation in the Defense Department. Judging by the

past 15 years, the Department of Defense has faced and solved more management problems with greater success than any business in the world. I have criticized the Defense Department before and I will do so again and vigorously. But in all fairness, they have done well in many respects, and deserve credit for it.

It is reassuring to look back at the enormous problems the Department of Defense has solved by wise management and sound decisionmaking, especially since the mood of the country seems to be pessimistic and critical of all Government bureaucracies. A review of past and present defense management programs will quickly show that we are making progress.

In short, the Defense Department has provided our country with a unique broad spectrum of military capability able to defend us from attack and operate effectively throughout the world if need be. This could not have been accomplished without extraordinary management innovations. (underlining added) [29]

Clearly the "management innovations" that the Senator is referring to is the implementation of PPBS. It could be hypothesized that the aura of rationality that is associated with PPBS lends more credibility to Defense Department requests thereby enhancing their chances for approval.

In any event there are Congressional opponents and proponents of PPBS regardless of any parallels that it has with mission budgeting. Certainly one similarity that exists between mission budgeting and PPBS is that both require the use of assumptions in order that the basic problems be bounded. These assumptions, as related to PPBS, have been singled out as a source of subjectivity which detracts from the rational approach which PPBS is purported to utilize. For instance in a paper written for Aaron Wildavsky by Cdr. George Kinnear (now Adm. Kinnear, Chief of Naval Legislative Affairs). The following quote is given:

In building any model, or performing any analysis, there are certain hazards. Although well recognized, they are not easily avoided. Mr. E. S. Quade of Rand states:

Systems analysis may still look like a purely rational approach to decisionmaking, a coldly objective, scientific method, free of preconceived ideas and partisan bias and judgment and intuition.

It isn't really. Judgment and intuitions are used in designing the model, in deciding what alternatives to consider what factors are relevant, and what the inter-relations between these factors are, and what criteria to choose; and in analyzing and interpreting the results of the analysis. This fact that judgment and intuition permeate all analysis should be remembered when we examine the apparently precise results that come from analysis. (underlining added) [23]

It is clear that the underlying assumptions can possibly prejudice the outcomes and although this may not always happen, the ever-present possibility is a shortcoming in itself. This theme was emphasized by Adm. Rickover when systems analysis provided recommendations running counter to his programs.

The Defense Department particularly has been cutting money for submarines, which I think is dead wrong. That is due entirely to the systems analysts. I don't know whether they are friends of yours or not.
Senator Goldwater. Who is that?
Admiral Rickover. The systems analysts.
Senator Goldwater. I wish they would throw them all out of the Pentagon.
Admiral Rickover. Let's shake hands on that, sir.
Senator Goldwater. I have never met one yet that could satisfy me that he knew anything about weapons. And I am not a great believer in cost comparability, or whatever you call it.
Admiral Rickover. But that is not in the job description. The job description is, you must know economics and mathematics, not weaponry.
Senator Goldwater. It would be a shame, if they knew more about weapons we might be worse off. (underlining added) [33]

These observations were strongly countered by Senator Culver who took quite a different view in defending the systems analysts:

Senator Culver. I was very disturbed with the references today to the role of systems analysts, because I think given our Constitution, and our system, and civilian control of the services, that it is absolutely unthinkable that in the absence of system analysts' help and the independent view provided to the Secretary of Defense we can get any kind of harmonization and rationalization out of the vicious service rivalry and bureaucracy, and that it is almost impossible for the taxpayer to ever conceivably fund the magnitude of the request for every conceivable kind of weapons system, and so forth, that the services in their own interest very logically wish to see built.

> And I don't see how on earth we are ever going to be able to get our hands on it or in fact Congress can do its job in the absence of a very strongly, improved capacity to make those independent assessments and judgments on a cost, given that the priorities between defense and nondefense, as well as the internal priorities of this defense budget, require that very kind of tough-minded calculation. (underlining added) [33]

So it would seem that PPBS still has its Congressional advocates and adversaries. Nevertheless Senator Culver's view that independent assessment is needed in order that national priorities be properly determined goes back to the argument for mission budgeting which by law will be required. If one ascribes to the views of Aaron Wildavsky who states that "PPBS has failed everywhere and at all times" because the process involves performing calculations (of which assumptions are an integral part) that are "beyond present human capabilities" there there is concern that mission budgeting will befall the same fate. Wildavsky reports that PPBS is cognitively constrained and for this reason lacks the necessary rather than sufficient conditions for it to succeed. He claims that no one "knows how to do" PPBS and describes the chaos that befalls an agency that makes an attempt to implement it (Appendix A).

Should mission budgeting circumvent the pitfalls of PPBS there still exists the central problem of ordering national priorities once the budgets have been submitted. This formidable task must be coordinated through the budget committees who must somehow convince the remainder of Congress that such coordination is essential. Thus just as the services must await further guidance from DOD, so must DOD ascertain the true requirement for mission budgeting. If the requirement is supported by the entire Congress perhaps a massive restructuring of the FYDP would be necessary. If however Congress shows, through lack of consensus, that the requirement will serve a lesser purpose, a less comprehensive response

could suffice. There is some evidence that Congress has started a migration toward mission budgeting, particularly within the Senate where there has traditionally been more emphasis on broad policy formulation than in the House, where specific details involving individual programs are considered more important. Senator Stennis, Chairman of the SASC, indicated his support for mission budgeting in a letter sent to Senator Chiles January 4, 1977, as this excerpt shows (see Appendix I for entire letter with enclosure):

> In light of your continuing interest and our previous conversations on the subject of mission budgeting, I thought you would be interested that the Armed Services Committee this year is using a new format for its hearings on the overall Defense budget and program.
>
> This new format includes several hearings on some of the major mission areas in the Defense Department as described by the enclosed outline. I believe this approach would be consistent with your thinking and should enable the Committee to quickly identify some of the major issues affecting the budget.

It is also significant that such support from the appropriations committees (even in the Senate) has not yet been forthcoming.

Thus the assumption made earlier that "Congress" could be reduced to a small group centered on Senator Chiles for purposes of defining the content and format of mission budgeting does not mean that Congress as an institution shares his commitment to insure that the requirement is actually used. This level of institutional interest is critical in determining the extent of the DOD response, and will be determined in part by what linkage Congress perceives to exist between PPBS and mission budgeting. Congress has relied heavily upon the line item approach in the past, and Congressional opponents of program budgeting are numerous. For Congress to pursue the concept of mission budgeting as an institution would be a greater departure from past practices than even passage of PL-93-344, as the former is in part the actual implementation of

the latter. There is the additional possibility that even if Congress requires mission budgeting as an institution, it will not be used for its intended purpose of ordering national priorities, but instead serve as a "pro forma" approach while the traditional line items remain the basic budget language. The use of line items by the HAC, and the tenacity with which those line items are protected from encroachment by other committees was documented in an earlier section of this thesis (Section VII). This is the type of tradition and bureaucratic inertia that must be overcome within Congress if the DOD response is to be as comprehensive as that desired by Senator Chiles. It is more probable that mission budgeting will be used along with the traditional line items by various "players" in establishing future budget priorities.

XII. CONCLUSIONS

The conclusions of this investigation may be summarized as follows.

1. The organization designed to formally interact with Congress is much more effective than previously reported by Berry and Peckham for the following reasons:
   a. The people composing the organizations examined, particularly in OLA, are aware of Congressional needs and how to satisfy them.
   b. The environment within which the organization operates has become more pro and less anti-defense, thus generally enhancing the overall atmosphere necessary to have good Congressional-Navy interaction.
   c. The trend in Soviet shipbuilding vis-a-vis that of the United States has caused increased Congressional concern that the U. S. Navy requires more support thereby enhancing the cooperative spirit needed for favorable interaction.
   d. The creation of the Budget Committees has caused the Armed Services Committees to actively support their assessment of defense requirements because actions to the contrary would result in less committee prestige than was the case prior to the enactment of PL-93-344. Thus the Armed Service Committees are able to play off their traditional role as defense advocates against the budget committees thereby further enhancing favorable interactions.
2. There exist "external constraints" over which the organization examined has no control. The organization examined was aware of these constraints and worked around them to the extent possible.

3. In terms of format and content for mission budgeting, Congressional expectations may be assumed identical to those of a small group centered on Senator Chiles.

4. It is possible that mission budgeting could be used by DOD to both satisfy the Congressional requirement while at the same time enhancing internal management capability by considerably changing current program element structure and by creating a program element substructure in the FYDP. This is a major undertaking that would require a consensus throughout DOD to pursue.

5. The DOD response to mission budgeting has fallen short of Congressional expectations for several reasons:

   a. Unless a significant effort aimed at implementing #4 above were undertaken, mission budgeting would require statistical allocation of data involving algorithms that would jeopardize accuracy.

   b. The mission budget could conceivably be misused in attempts to cut the defense budget.

   c. The true level of Congressional interest in mission budgeting is as yet unknown.

6. In terms of Congressional interest in mission budgeting, the views of Senator Chiles <u>cannot</u> be assumed identical to those of Congress as an institution. Congress has historically relied upon a line item, rather than a program approach, and departure from that tradition is perceived to be unlikely.

XIII. RECOMMENDATIONS

The recommendations of this study are based upon the foregoing conclusions and are as follows:

1. In order to meet the new time table for mission budgeting set by the SBC at FY 1978, the Army response shown in Figure 9 is adequate.
2. Efforts to improve the current program element structure and to create a PE substructure should be pursued in order to enhance internal management capabilities by increasing the compatibility of the various reporting languages that now exist. This effort would also result in the availability of such information for Congress, should the Congressional mission budget requirement become more comprehensive in the future.

APPENDIX A - Questions Used in Interviews

Questions

The questions fell into 2 different groups. The first group was designed to update Berry & Peckham, while the second group was to update Gates & Prose.

Group 1

1. Are OLA or NavComplia used to prepare P.M.'s for a brief?
2. What is the effect of OP906 on the process?
3. How are the committee staffs viewed; are they considered to be important in the process?
4. What is the extent of candor?
5. Are the "hints" that Congress gives out responded to?
6. How does the Navy compare with the Army and Air Force (A/F)?
7. Does the Navy bring too many witnesses to hearings and briefs?
8. Is information submitted in a timely manner?
9. Is the tour length of OLA/NavComplia/P.M.'s long enough?
10. Will a poor brief result in a program cut?
11. Who testifies at hearings and briefs?

Group 2

1. How have the HBC, SBC, and CBO changed Congress and its interaction with the Navy?
2. What is impact of current services budget?
3. What will happen in the realm of Mission Area Budgeting (MAB)?
4. How will reprogramming and supplementals be handled?
5. Will back door spending be curtailed?

If it is decided to interview Project Managers (P.M.'s) then the following questions will be asked:

1. Do you use OLA/NavComplia?
2. Are murder boards helpful?
3. What do you think about SARS?
4. How important are staff members?
5. What are your procedures when dealing with Congress?
6. What are your views of the authorization and appropriation process?
7. Who speaks for your program?
8. What do you think the effect of the new Budget Committees has been?

A list of some abbreviations that are often used:

OLA	-	Office of Legislative Affairs
NavComplia	-	Naval Comptroller Liaison Branch
CBO	-	Congressional Budget Office
HAC	-	House Appropriations Committee (Subcommittee for Defense)
HASC	-	House Armed Services Committee
HBC	-	House Budget Committee
SAC	-	Senate Appropriations Committee (Subcommittee for Defense)
SASC	-	Senate Armed Services Committee
SBC	-	Senate Budget Committee
F.P.	-	Foreign Policy
MAB	-	Mission Area Budgeting

DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON, D.C. 20350

IN REPLY REFER TO
OP-906/sw
Ser 42P90
9 JAN 1973

APPENDIX B - VCNO Memorandum of 1973 Calling for a Reduction in the Number of Witnesses at Hearings

MEMORANDUM FOR THE DISTRIBUTION LIST

Subj: Congressional Hearings for FY 74 Budget

1. In the past the various Congressional committees that conducted hearings in support of their deliberations on the Navy portion of the budget have complained about the large number of witnesses that attend each briefing session.

2. To try to meet this honest concern of Congress and to thereby improve the Navy image you are asked to hold your backup witnesses to the bare minimum. As a policy you should have not more than one backup witness for each budget activity or primary weapons system within your program.

3. Any request for deviations from this policy should be submitted to the Vice Chief of Naval Operations through the Congressional and Policy Coordination Branch (OP-906).

4. Please insure that all of your personnel who may be called on to appear before Congress this year are aware of this policy.

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APPENDIX C - A Letter from OMB to Senate Committee on Government Operations Dated January 16, 1974

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET.
Washington, D.C., January 16, 1974.

Hon. SAM J. ERVIN, Jr.,
Chairman, Committee on Government Operations, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your invitation to comment on S. 1414, a bill "To strengthen congressional control in determining priorities of appropriations and expenditures by requiring the budget to be organized and submitted on the basis of national needs, agency programs, and basic program steps."

As stated in the bill, one of the primary purposes of S. 1414 is "to reformulate the structure of the budget to highlight national needs." The bill would require that the Director of OMB, under the direction of the President and in cooperation with the Secretary of the Treasury, the Comptroller General, and the Director of the Office of Goals and Priorities Analysis, "specify a hierarchy of national needs" and "reconcile and assign the responsibilities of the various agencies to meet the national needs so specified." We have fundamental misgivings about these proposed requirements.

We are seriously concerned that reformulating the structure of the budget in the manner required by S. 1414 would, if it were feasible, weaken the system of checks and balances that is so essential to our form of government. History has proved many times over the wisdom of our founding fathers in designing a Federal Government in which there is separation of power and in which the setting of priorities is the unmistakeable responsibility of elected officials—the President and the Congress. By placing the responsibility for specifying a hierarchy of national needs on the Director of OMB and requiring that he do so in cooperation with the Secretary of the Treasury and two Legislative Branch officials, S. 1414 would—simultaneously—dilute separation of power significantly and place too much of the responsibility for priority setting [illegible] to the hands of appointed officials in both the executive and legislative branches. Setting priorities in this way would cause a basic change in the political processes of our Nation. Such an alteration of our fundamental process should not be considered.

We believe that the basic objective of S. 1414: "To strengthen congressional control in determining priorities of appropriations and expenditures," can be achieved better in other ways. Indeed, we believe that S. 1541, which your Committee reported out in the first session of the 93rd Congress, would achieve this objective without having the adverse consequences of S. 1414.

Our reservations about the desirability of enacting S. 1414 are not lessened by our conviction that establishing a hierarchy of national needs in the manner prescribed is not feasible. Any attempt to rank national needs would require initially a determination of criteria on which to base the ranking. Both the establishment of criteria and the determination of rankings is likely to result in enormous controversy. That controversy would make it virtually impossible to reach appropriate agreements in either the executive or legislative branches or between them.

We subscribe to the concept that resources in the Federal Government should be applied against national needs. However, our recent experiences with the Planning, Programming, Budgeting System and, later, in attempting to articulate and set national goals independently of the political process have illustrated graphically the difficulty of being able to identify and gain agreement on a single set of national needs that are comprehensive in scope and yet are specific enough to allow budget based goals and objectives to be structured against the accomplishment or fulfillment of these needs. Moreover, the specifying of national needs in the formal manner specified by S. 1414 would result in a much less flexible system than the present one, and thus inhibit both the Congress and the Executive from being able to respond to new needs in a timely and efficient manner. We would therefore suggest that the requirement for the identification of program needs not be legislated but allowed to evolve, as required, to meet the needs of both the executive branch and the Congress.

Superficially, reformulating the structure of the budget to highlight national needs appears to be a reasonable objective. However, the ramifications of such action on both the executive and legislative branches of the Government would be staggering. The reformulation of the Federal budget to present existing and proposed budget authority and outlays in terms of a hierarchy of national needs could necessitate a massive reorganization of existing departments and agencies in order to facilitate administration of programs funded on the basis of national needs. This, in turn, could mandate a far reaching reorganization of congressional appropriation committee structure. While we agree in principle to identifying resources by program, we believe that there would be less disruption to the operation of programs and the Federal Government as a whole, if the change to a program budget were implemented on an incremental basis starting wit' the current budget structure as a base. This procedure might be feas. . The deadlines for implementation prescribed in the bill are totally unrealistic.

Enactment of S. 1414, as written, could also raise certain legal issues in terms of its relation to the Budget and Accounting Act, which requires the President to transmit required budgetary information in "such form and detail" as he may determine. As is noted above, we believe that our system of government requires that the President's independence to express his judgment in his budget be preserved—along with the Congress' independence to change the budget. We believe that it would be a grievous mistake to compromise the independence of either by adopting a priority-setting system like that which S. 1414 proposes.

In summary, if the primary intent is to provide additional information to improve congressional budgetary decisionmaking, we don't believe the bill is needed in light of the provisions of S. 1541.

On the other hand, if the intent is to reformulate the structure of the budget document, we would strongly oppose the enactment of S. 1414 in its present form.

Sincerely,

WILFRED H. ROMMEL.
Assistant Director for Legislative Reference.

[illegible]
[illegible]
[illegible]

(2) DoD. A mission budget requires allocation of fixed as well as variable costs which may invite an unjustified conclusion that a cut in divisions permits a proportionate cut in allocated support activities.

Senate Budget Committee. It is our opinion that to be totally meaningful, fixed costs must also be allocated. However, the Budget Committee does not recommend specific cuts or increases in such things as divisions or wings. That is the responsibility of the authorization and Appropriations Committees.

(3) DoD. A mission budget provides data useful for macro-analytical purposes but not for financial control due to the allocation requirements.

Senate Budget Committee. The Budget Committee evaluates budget data in macro-analytical terms.

(4) DoD. Submission of mission budget information for Fiscal Year 1978 introduces mission categories before views of OMB have been considered.

Senate Budget Committee. The Committee recommends that as the requested information is prepared, the DoD discuss the effort with OMB, and the Committee staff will also work with OMB in this regard.

(5) DoD. A mission budget provides data that could be misunderstood or misused.

Senate Budget Committee. The Committee staff believes it thoroughly understands the DoD budgetary system, and there is little likelihood that a misunderstanding or misuse of the data would be made by the Committee.

A mission area structure that would serve the Committee's needs is enclosed. The mission categories represent an effort to meet the Committee's needs and at the same time accommodate current DoD accounting and budget control structures in the Five Year Defense Program and fiscal guidance categories.

We believe that our requirement is a reasonable one and, further, that our objectives and intended use of the data should alleviate your prior concerns regarding the submission of the information. It is requested that the data be provided no later than January 28, 1977. Messrs. Tom Dine and Bob Sneed (224-0553) are the points of contact on our staff for this requirement.

Sincerely,

Henry Bellmon

Edmund S. Muskie

Enclosure

DEFENSE MISSION BUDGET STRUCTURE

Strategic Warfare

1. Offensive
2. Defensive
3. Command, Control and Communications

Tactical Warfare

4. Land Warfare
   - Light Divisions (includes Marine ground forces)
   - Heavy Divisions
   - Other
5. Air Warfare
   - Close Air Support (includes relevant Marine air forces)
   - Air Superiority/Interdiction (includes relevant Marine air forces)
6. Naval Warfare
   - Force Projection (includes relevant defense and resupply forces)
   - Amphibious Operations
   - Area Sea Control (sea lane defense)
7. Tactical Mobility

Defense-wide Forces and Support

8. Intelligence
9. Communications
10. Technology Base R and D
11. Defense-wide Management

NOTE: Defense-wide support (training, logistics, base and personnel support, etc.) are allocated to the first level categories within the Strategic, Tactical and Defense-wide areas, e.g., (1) Strategic Offensive, (4) Land Warfare, or (9) Communications.

Baseline DoD Program - Subtotal

Non-Baseline Program - Subtotal

- Retired Pay
- International Aid

Total DoD

COMPOSITION OF DEFENSE MISSION BUDGET STRUCTURE CATEGORIES

Each of the defense mission budget categories are divided into missions and sub missions, as follows:

Strategic Warfare

1. Strategic offensive forces include ICBMs, SLBMs, and bombers.

2. Strategic defensive forces include surveillance and warning systems, aircraft interceptor units, and ABMs.

3. Strategic command, control, and communications include both offensive and defensive command and control systems.

Tactical Warfare

4. Land warfare forces include both light (including Marine ground forces) and heavy ground divisions, and other combat forces, including air defense and relevant combat support forces.

5. Air warfare includes close air support and air superiority/interdiction forces, including relevant Marine air forces.

6. Naval warfare includes forces for:
   - force projection which includes carriers, their escorts, and resupply forces and related aircraft squadrons;
   - amphibious operations which includes LHAs, LSDs, LSTs, minesweepers, etc.
   - area sea control which includes patrol frigates, other escorts available for convoys, ASW aircraft, mines, undersea surveillance, attack submarines, etc.

7. Tactical mobility includes airlift and sealift forces, but not amphibious lift which has been placed under Naval force projection.

Defense-wide Forces and Support

8. Intelligence (self-explanatory)

9. Communications (self-explanatory)

10. Technology base R & D includes only that research which is basic (program 61000). The remainder of R & D is allocated to appropriate missions.

11. Defense-wide management, which is headquarters support.

Defense-wide support activities such as training, logistics, base, and personnel support, etc., are allocated to the first level mission area categories; e.g., strategic offensive forces, air warfare forces, naval warfare forces, etc.

Costs not providing U.S. defense capability

These categories are for retired pay and international aid, which do not contribute directly to combat missions.

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APPENDIX E - A Group of Letters between the Congress and Secretary of Defense Regarding Mission Budgeting

20

United States Senate

COMMITTEE ON
GOVERNMENT OPERATIONS
AD HOC SUBCOMMITTEE ON FEDERAL PROCUREMENT
(PURSUANT TO SEC. 8, S. RES. 264, 93D CONGRESS, 2D SESSION)
WASHINGTON, D.C. 20510

March 10, 1975

The Honorable Edmund S. Muskie
Chairman
Senate Budget Committee
Washington, D. C.

Dear Ed:

I am writing to suggest some essential steps I believe should be taken by the Budget Committee in its review of the Department of Defense budget.

As I see the task ahead of us, we have two basic choices in the way we approach, analyze, debate and justify the national defense function:

(1) a "line-item" approach, devoting attention to a collection of separate issues and weapons programs; or

(2) a "mission" approach to collect all relevant programs and activities into a complete framework of defense missions, such as strategic offense, theater air defense, and others.

I am seriously concerned that if we fall into a "line-item" pattern of treating weapons and issues, we will, first, commit ourselves to a politically inexpedient duplication of the decision-making to be made by the Armed Services and Appropriations Committees and, second, more importantly, we may foreclose our unique opportunity to have the Budget Committee provide, for the first time, a forum for examining higher-order decisions of defense policy and strategy which can be clearly linked to budget actions.

FILE COPY

To summarize my suggestion, I believe it would be advantageous for the Committee to report and justify the concurrent resolution's national defense budget levels by adding up the budget levels for specific defense missions plus other "overhead" categories which cannot legitimately be allocated to defense missions. By so doing, I believe we can provide a welcome and much needed connection between congressional judgments on defense policy and budget allocations tailored to reflect those judgments.

More specifically, I think it would be appropriate to begin to develop specific information now so that we can orient our discussion with Secretary Schlesinger when he appears before the Committee on March 14.

After a presentation of the international situation, defense policy and strategy and foreign commitments, we could then proceed to discuss each mission as follows:

(1) How the mission relates to defense strategy and how critical it may be to executing policy;

(2) Current and projected levels of mission capability in relation to expected threat levels;

(3) The case for increasing or decreasing mission capability and, hence, the need to phase out major acquisition programs or the cost, time and capability goals for new ones;

(4) Total mission costs, including historical trends and future projections. Included in each mission cost total should be the appropriate allocations for

- (a) related manpower costs;
- (b) related operation and maintenance costs;
- (c) related construction costs;
- (d) related acquisition programs (research, development, test and evaluation and procurement costs);
- (e) other mission-related RDT&E costs.

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This approach to the national defense budget was recommended unanimously by the 12-member Commission on Government Procurement. As a former member, I am convinced that the Commission was, unfortunately, correct in its finding that

"Congress and its committees have become enmeshed at a detailed level of decision-making and review in attempting to fulfill their responsibilities. This disrupts programs, denies flexibility to those responsible for executing programs, and obscures Congress' view of related higher-order issues of national priorities and the allocation of national resources.

"Congress should have an early and comprehensive opportunity to debate and understand any agency's mission needs and goals for new acquisition efforts, and the opportunity to discuss the relationship of proposed mission capabilities to current national policy and the allocation of resources in accordance with national priorities."

I would be happy to discuss this approach with you further and have my staff lend assistance.

With best personal regards,

LC:rcs

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ROBERT S. BOYD, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, D.C. 20510

March 12, 1975

Honorable Lawton Chiles
United States Senator
Washington, D.C. 20510

Dear Lawton:

I was delighted and encouraged to receive your letter of March 10 on the steps which the Budget Committee should take in reviewing the Budget of the Department of Defense. It goes straight to the heart of the problem facing the Committee in considering all of the functional areas of the budget.

I share your concern that the Committee should, on the whole, avoid a "line-item" approach to budgetary issues. And I agree that the Committee should seek to provide in its work a forum, as you express it, "for examining higher-order decisions of defense policy." I find your suggestion that the Committee structure its work on the Defense budget around mission objectives and mission costs a constructive and attractive alternative.

I am concerned that this year we will be constrained by time and resources in such a way that we will not be able fully to develop and analyze a mission framework for our decisions on Defense. But I believe we should begin to work toward such a goal.

With best wishes, I am

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United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, D.C. 20510

July 18, 1975

Honorable James R. Schlesinger
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

As you may know, Chairman Muskie has organized several Budget Committee Task Force groups to work on the upcoming budget cycle. The Defense Task Force has decided to break down its work agenda into several key areas under the leadership of the Task Force members.

Senator Chiles has agreed to take the lead in development of a mission-oriented defense budget presentation, as agreed to by the full Committee in its report on the first Concurrent Resolution (Senate Report 94-77, 15 April 1975, page 44).

This letter is to request that the Defense Department begin as soon as possible to work with the Senate staff to develop such a budget presentation. Please coordinate this effort through Senator Chiles' representative, Mr. Lester A. Fettig.

Mr. Michael Joy will be responsible for the overall coordination of this and other work projects for the Defense Task Force.

Thanking you for your attention and cooperation, I am

EFH:jp

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CHIEF COUNSEL AND STAFF DIRECTOR

COMMITTEE ON
GOVERNMENT OPERATIONS
SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES,
EFFICIENCY, AND OPEN GOVERNMENT
(202) 224-0211
(PURSUANT TO SEC. 7, S. RES. 49, 94TH CONGRESS)
WASHINGTON, D.C. 20510

December 8, 1975

The Honorable Donald H. Rumsfeld
Secretary of Defense
The Pentagon
Washington, D.C.

Dear Mr. Secretary:

In a July 18, 1975 letter to Secretary Schlesinger, the Senate Budget Committee requested the cooperation of the Department of Defense in developing a defense budget display for use by the committee in considering the 1977 budget resolution.

During consideration of the 1976 resolution, the committee found that a presentation of the defense budget by missions, with the allocation of support and RDT&E to those missions, was very useful. As a result, one of the objectives of the Committee Defense Task Force, of which I am a member, has been to develop our requirement in advance of our consideration of the next Presidential Budget, so that your Comptroller would have adequate time to prepare the necessary tables.

In this regard my staff has been meeting with OSD to review the methodology by which the defense budget is structured, and to clarify our needs. It is not our intention to create needless additional displays of the defense budget, and for this reason we have given careful consideration to the current organization of the Five Year Defense Plan and the fiscal guidance categories now in use as a point of departure for possible mission categories.

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The attached table provides a mission structure which would serve the committee's needs to properly consider the defense function. Key to the value of this display is that training, medical, general support, and RDT&E would be allocated within the missions listed.

The Senate Budget Committee would use this display to provide a context for our consideration of major defense issues. In order to fully grasp the financial commitment to particular mission functions, it is most important that related support be allocated to mission areas.

While consideration of the mission budgets will provide valuable guidance for the Committee's decisions, it is my understanding the committee's final recommendation to the Senate for the defense function will remain at the level of aggregation as was the case for 1976. In any case, we fully realize that the allocation of support to missions would be accomplished by statistical algorithms, and that your accounting system is not structured to allow you to be governed by guidance at the mission level.

Our Defense Task Force will be reporting its recommendations to the full committee shortly. Consequently, we would appreciate receiving a functional display of the 1976 President's Defense Request as soon as possible, and a similar display reflecting final congressional action on the FY 76 request, after you have had an opportunity to review that action.

Thank you for your cooperation and support. Please have your staff contact Mr. Les Fettig at 224-0211 for further information and coordination on this request.

Wtih best regards,

LC:rs
enclosures

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Table 1

Defense Mission Structure

Strategic Warfare

- Strategic offensive
- Strategic defensive
- Strategic command, control and communication

Tactical Warfare

- Sea control
  - Naval projection and sea control
  - Sea area control
  - Amphib operations
- Air warfare
  - -air superiority/interdiction
  - -close air support
- Land Warfare
  - combat forces
  - combat support forces
  - other forces
- Tactical mobility

Defense Wide Support

- Intelligence
- Communication
- Technology base R&D
- Management

Non-real program value

- Retirement pay
- International Aid

Total

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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

JAN 10 1976

Honorable Lawton Chiles
United States Senate

Dear Senator Chiles:

As you know, my staff has been working closely with yours on our response to your request of December 8, 1975, for a "mission-oriented" budget display for the President's FY 1976 request. In fact, the process was started last summer in response to the July 18, 1975 letter from Senator Hollings on the same subject.

Over the months we have made available the complete details of our program down to the program element, which is the basic building block of DoD's planning, programming and budgeting system. We have also made frank disclosure of the flexibilities and limitations which exist within the present system insofar as our capability to reallocate to your suggested mission structure is concerned.

We have also had discussions with the Office of Management and Budget and with the staffs of the various interested Congressional Committees, including the Budget Committees, on the various possible responses to Section 601 of Public Law 93-344, the Congressional Budget Act of 1974. This provision requires that the federal budget for FY 1979 be submitted on a mission basis. As you can appreciate, this will require definition of the views and needs of the various Congressional Committees as well as other agencies within the executive branch.

Notwithstanding these longer range objectives, it is our intention to be responsive to your near-term requirements. Terence E. McClary, the Defense Comptroller, is prepared to work with you and Lester A. Fettig of your staff to make sure your needs are met.

I can assure you we have a common objective in seeking a key to better understanding of our budget requirements each year, and we look forward to working with you in this regard.

EDMUND S. MUSKIE, MAINE, CHAIRMAN
WARREN G. MAGNUSON, WASH.
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United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, D.C. 20510

January 22, 1975

Honorable Donald Rumsfeld
Secretary
Department of Defense
The Pentagon
Washington, D.C.

Dear Mr. Secretary:

Thank you for your letter of January 10 indicating your desire to work with the Senate Budget Committee toward meeting our budget information requirements.

Last year, during consideration of the defense function budget, the committee determined that a mission approach should be pursued for 1977 to provide a framework for assessing the total resources devoted to each major defense mission. The goal, similarly proposed by former Secretary Schlesinger, recommended: to raise the level of congressional debate above distracting, piecemeal issues and instead concentrate on fundamental defense priorities and capabilities.

As a result of discussions with Mr. McClary and his staff, we have come to an agreement that a mission budget presentation could be presented by the Defense Department in the format submitted to you. This format is more detailed than that provided to the committee last year. However, it conforms rather closely to the structure now used by OSD for its own fiscal guidance.

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After careful consideration, we have concluded that this display, along with relevant back up material, would provide the committee with important insight into the relationship between defense policies and resource allocation. As a result, we feel compelled to repeat the request that you provide such a mission budget display for FY 1977, along with related breakouts and trends by February 9 for our review for the defense function.

We realize that there is uncertainty in how to best allocate elements of overhead to specific missions, and questions on how to best redefine the missions themselves. For now, however, we are prepared to structure the missions to take account of the existing defense categories and to accept your best estimates of Program 7 and 8 allocations even though they may not be of the same quality as other budget estimates. We are convinced that our experience will be helpful in preparing for the required government-wide presentation of agency mission budgets as called for in the 1974 Budget Control and Impoundment Act, section 601(i), beginning with fiscal year 1979.

We look forward to your continued interest and support.

Sincerely

THE SECRETARY OF DEFENSE
WASHINGTON

MAR 6 1976

Honorable Ernest F. Hollings
Chairman, Defense Task Force
Committee on the Budget
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This letter is in response to your January 22 request for a display of the FY 77 President's Budget for Defense by "Defense Mission Structure."

All of us are working on the problem of explaining defense programs and expenditures to the American people in a way which is accurate, clear, and relatable to national security objectives. The task seems to be relatively easy in the case of strategic nuclear forces. Over the years, the need for a strategic deterrent has been appreciated by almost everyone. Strategic systems are almost entirely single-purpose; the mission U.S. nuclear forces perform can be related to a quantifiable counterpart on the Soviet side and an answer to the "how much is enough?" question is, at least, conceivable. We have a kind of parity or equivalence with the Soviet Union today -- they lead in throwweight and total megatonnage, we lead in numbers of reentry vehicles and warheads and in accuracy -- and the deterrent is effective.

The situation is not so sharply focused with respect to the multi-purpose elements of our military capability. They must interact with the multi-purpose forces around the world... those of the Warsaw Pact, the Soviets alone, Mid-East countries, Asian nations, and emerging powers throughout the world. We talk of broad missions for our general purpose forces, but we realize they must do anything and everything the strategic nuclear forces cannot do.

As I indicated in my letter to Senator Chiles on January 10, I want to be responsive to the requirements of the Budget Control and Impoundment Act of 1974 by presenting the Defense

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Budget in an appropriate mission structure. We met in Senator Chiles' office on March 5 for the purpose of clarifying the way in which the DoD programming system has evolved to do just that. I showed you the FY 77 Budget in conventional terms -- by major appropriations title -- and then in terms of the ten major programs used within DoD to relate resources to outputs or missions.

You will recall that five of the ten DoD programs ($65 billion of a $112.7 billion total in FY 77) are force- or mission-oriented -- strategic forces, general purpose forces, intelligence and communications, airlift and sealift, and Guard and Reserve forces -- and the other five include a broad support base for those forces or functions. Over the past decade, DoD has successively refined its program element structure to allocate as much support to missions and forces as has seemed reasonable.

The result is a Defense mission structure which presents a picture quite different from the degree of resource allocation your letter requested, but which has a validity by virtue of wide understanding of the allocation details -- both within DoD and without -- and it serves us well.

Thus, after careful consideration of where we are with respect to formal submission of a new display, I conclude that changing to the format you suggested could cause considerable confusion and misunderstanding with respect to the FY 77 Budget, possibly detracting from the substantive discussion of defense issues which we both seek.

It is my view, therefore, that I should continue to present and justify the Defense budget to the Congress by the appropriation structure and major program categories already used within DoD. We will continue to work with you, the other Congressional Committees, Congressional Budget Office, and Office of Management and Budget to determine how this program structure should be revised to meet the requirements of Section 601 of P.L. 93-344 by the FY 79 objective date.

APPENDIX F - Letters Sent between HASC and HBC Concerning the Proposed Defense Department Supplemental for FY 1977

F. EDWARD HEBERT, LA.
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BILL NICHOLS, ALA.
JACK BINGHAM, GA.
ROBERT H. (BOB) MOLLOHAN, W. VA.
DAN DANIEL, VA.
G. V. (SONNY) MONTGOMERY, MISS.
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LES ASPIN, WIS.
RONALD V. DELLUMS, CALIF.
MENDEL J. DAVIS, S.C.
PATRICIA SCHROEDER, COLO.
ABRAHAM KAZEN, JR., TEX.
ANTON O. B. WON PAT, GUAM
BOB CARR, MICH.
JIM LLOYD, CALIF.
LEROY MCDONALD, GA.
THOMAS J. DOWNEY, N.Y.

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RICHARD T. SCHULZE, PA.

J. RAMP M. CLATTENBURG, CH.

U.S. House of Representatives
COMMITTEE ON ARMED SERVICES
Washington, D.C. 20515
NINETY-FOURTH CONGRESS
MELVIN PRICE, CHAIRMAN

September 15, 1976

The Honorable Brock Adams
Chairman, Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am forwarding a copy of H.R. 15378 introduced by Mr. Bennett and Mr. Bob Wilson, Members of this Committee. This bill represents the Naval shipbuilding portion of the President's FY 1977 Supplemental Authorization request which he forwarded to the Congress on August 23, 1976.

The Subcommittee on Seapower and Strategic and Critical Materials on September 1, 1976 voted unanimously to recommend that the Committee on Armed Services report the bill to the House. When the bill was considered by the full Committee on September 8, 1976, the Committee voted to table the bill due to the uncertainty of many Members as to whether a rule could be obtained, and whether we could successfully seek amendments to the second concurrent resolution on the budget.

In hearings before the Subcommittee on Seapower and Strategic and Critical Materials on September 1, 1976, the Chief of Naval Operations was queried concerning the emergency nature of the President's request. He responded that to delay the funding for the commencement of two anti-air warfare ships equipped with the AEGIS system, and four frigates designed for convoy protection, would delay the entry of these ships into the fleet for an additional year and deny the Navy these additional units with which to meet the Soviet threat.

In view of the situation described above, it would be useful to the Committee if you could advise us as to whether,

as Chairman of the Committee on the Budget, you would oppose the granting of a rule based on emergency conditions and apprppriate increases in the second concurrent resolution on the budget.

Sincerely yours,

Melvin Price
Chairman

MP:akw

Enclosure

BROCK ADAMS, WASH.
CHAIRMAN

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JIM WRIGHT, TEX.
THOMAS L. ASHLEY, OHIO
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ELIZABETH HOLTZMAN, N.Y.
BUTLER DERRICK, S.C.

GEORGE GROSS,
EXECUTIVE DIRECTOR
225-7200

NINETY-FOURTH CONGRESS

U.S. House of Representatives
COMMITTEE ON THE BUDGET
Washington, D.C. 20515

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HERMAN T. SCHNEEBELI, PA.
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DEL CLAWSON, CALIF.
GARNER E. SHRIVER, KANS
BARBER B. CONABLE, JR., N.Y.
MARJORIE S. HOLT, MD.

MELVIN M. MILLER,
MINORITY STAFF DIRECTOR

September 20, 1976

Honorable Melvin Price
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, D. C.

Dear Mr. Chairman:

This is in reply to your letter of September 15 asking for my position on H.R. 15378, a proposed supplemental for the Navy's ship-building program.

Section 402 of Public Law 93-344 requires that all authorization bills be reported on or before May 15 preceding the beginning of the fiscal year to which they apply. It is my understanding that the supplemental request which you are asking me to consider includes ships which were included in your original authorization bill and rejected by the Congress. It is doubtful that the request would have been rejected had there been a real emergency. This supplemental request simply asks the Congress to reverse its decision.

Section 402 of Public Law 93-344 provides that no authorization reported after May 15 may be considered in the House absent an emergency waiver. The House Budget Committee has generally opposed granting waivers for authorization bills reported after May 15. In view of the fact that these ships have already been considered and rejected by the Congress this year and no clear emergency exists, I, as Chairman of the Budget Committee, would oppose any waiver of the required reporting date under Section 402(a) of the Budget Act.

Should a waiver be requested, I will of course convene a meeting of the Budget Committee to consider a recommendation to the Rules Committee. I am enclosing a copy of a letter to Chairman Madden of the Rules Committee stating our general view with respect to waivers of Section 402.

Very truly yours,

BROCK ADAMS
Chairman

BA:JC:vc

APPENDIX G - Adm. Rickover Comment of "On Watch" Taken from Testimony before the SAC May 5, 1976

Senator NUNN. I am getting around to this point. And I don't want to get into personalities here, but I really do think this is important, because there is an awful lot of conversation.

Admiral Zumwalt has written a book, and in that book he says—and I quote him:

> Rickover has been working successfully toward a subsurface Navy, and so it is partly his doing that for 20 years the Navy has been getting smaller.

Admiral RICKOVER. That is right: the cockroaches always come from the neighbor's apartment.

Senator NUNN. I agree with you on that statement too. Do you have anything specific to say?

Admiral RICKOVER. Have you had that experience, too?

Senator NUNN. I have that same experience. Do you think that is a logical allegation? You are saying here that you prefer quality rather than numbers. And that is what Admiral Zumwalt is saying that you do.

Admiral RICKOVER. I will answer that question in the same manner that I answered it on Good Friday. A female broadcaster called me from one of the leading TV stations. She said she wanted me to comment on what Admiral Zumwalt said. I agreed. She said, "Now, I have got you on the tape." The first question she asked was: Have you read Admiral Zumwalt's book?"

And I said, "No."

And she said, "I can't hear you."

And I said, "I am sorry, I am munching my Easter roll now." So I repeated my answer.

And then she asked me the first question: "What do you think of such and such a statement?"

And I said, "Well, this is a free country and Admiral Zumwalt is entitled to his opinion."

She asked the second question. And I said, "Well this is a free country, and he is entitled to his opinion."

And this went on. And she said, "Is that the only answer you are going to give?"

And I said: "Well, you can ask a thousand questions and that is all the answer you will get."

And she said, "You apparently don't want to answer."

And I said, "That is up to you. I will keep giving that answer as long as you want."

I will not get into any arguments, for a man who can't accomplish what he wants to always finds fault with others rather than himself.

Senator NUNN. I don't want to get into an argument either. But, the essential question we have got to decide is nuclear versus non-nuclear, smaller ships versus the larger ships and numbers versus quality. That is the essential question. Two experts, Admiral Zumwalt on one hand and you on the other hand, are in fundamental disagreement, and a lot of people in the Navy are fundamentally in disagreement and a lot of the people in the administration are in fundamental disagreement, it makes it very difficult for Congress, at least me, to make a rational decision.

Admiral RICKOVER. I think you are just as intelligent as any naval officer, sir.

Mr. LEIGHTON. May I make one comment.

Senator NUNN. Yes, sir.

Mr. LEIGHTON. If you like we would be glad to provide for the record statements made by Admiral Zumwalt when he was Chief of Naval Operations in which he testified to the Congress that he considered an all-nuclear task force would have a greater ability to penetrate and counter the Soviet threat than any other surface force we know how to build, and he stated that CVN 70, the nuclear-powered aircraft carrier *Carl Vinson*, was the first priority item in the general purpose forces budget in fiscal 1974, which was the year in which the ship was authorized, and he stated that we should build at least one nuclear escort a year.

I would be glad to cite those for the record.

Senator NUNN. I think that would be very helpful.

[The information referred to follows:]

EXCERPTS FROM STATEMENTS BY CHIEF OF NAVAL OPERATIONS, ADMIRAL ELMO R. ZUMWALT, JR., PUBLISHED IN THE JOINT COMMITTEE ON ATOMIC ENERGY RECORD OF "HEARING AND SUBSEQUENT INQUIRY OF THE SUBCOMMITTEE ON MILITARY APPLICATIONS ON NUCLEAR PROPULSION FOR NAVAL WARSHIPS" DATED MAY 5, 1971—SEPTEMBER 30, 1972, CHAIRED BY SENATOR HENRY M. JACKSON

APPENDIX H - A Comment on What Typically Occurs to the Agency Attempting to Implement PPBS by Aaron Wildavsky

THE CALCULATIONS IN PROGRAM BUDGETING

I have previously argued that program budgeting would run up against severe political difficulties. While most of these arguments have been conceded, I have been told that in a better world, without the vulgar intrusion of political factors (such as the consent of the governed), PPBS would perform its wonders as advertised. Now it is clear that for the narrow purpose of predicting why program budgeting would not work there was no need to mention political problems at all. It would have been sufficient to say that the wholesale introduction of PPBS presented insuperable difficulties of calculation. All the obstacles previously mentioned, such as lack of talent, theory, and data, may be summed up in a single statement: *no one knows how to do program budgeting.* Another way of putting it would be to say that many know what program budgeting should be like in general, but no one knows what it should be in any particular case. Program budgeting cannot be stated in operational terms. There is no agreement on what the words mean, let alone an ability to show another person what should be done. The reason for the difficulty is that telling an agency to adopt program budgeting means telling it to find better policies and there is no formula for doing that. One can (and should) talk about measuring effectiveness, estimating costs, and comparing alternatives, but that is a far cry from being able to take the creative leap of formulating a better policy.

On the basis of numerous discussions with would-be practitioners of program budgeting at the federal level, I think I can describe the usual pattern of events. The instructions come down from the Bureau of the Budget. You must have a program budget. Agency personnel hit the panic button.

They just do not know how to do what they have been asked to do. They turn, if they can, to the pitifully small band of refugees from the Pentagon who have come to light the way. But these Defense intellectuals do not know much about the policy area in which they are working. That takes time. Yet something must quickly come out of all this. So they produce a vast amount of inchoate information characterized by premature quantification of irrelevant items. Neither the agency head nor the examiners in the Bureau of the Budget can comprehend the material submitted to them. Its very bulk inhibits understanding. It is useless to the Director of the Budget in making his decisions. In an effort to be helpful, the program analysis unit at the Budget Bureau says something like, "Nice try, fellows; we appreciate all that effort. But you have not quite got the idea of program budgeting yet. Remember you must clarify goals, define objectives, relate these to quantitative indicators, project costs into the future. Please send a new submission based on this understanding."

Another furious effort takes place. Incredible amounts of overtime are put in. Ultimately, under severe time pressure, even more data are accumulated. No one will be able to say that agency personnel did not try hard. The new presentation makes a little more sense to some people and a little less to others. It just does not hang together as a presentation of agency policies. There are more encouraging words from the Budget Bureau and another sermon about specifying alternative ways of meeting agency objectives, though not, of course, taking the old objectives for granted. By this time agency personnel are desperate. "We would love to do it," they say, "but we cannot figure out the right way. You experts in the Budget Bureau should show us how to do it." Silence. The word from on high is that the Bureau of the Budget does not interfere with agency operations; it is the agency's task to set up its own budget. After a while, cynicism reigns supreme.

United States Senate

APPENDIX I - Letter from Senator Stennis to Senator Chiles Concerning Mission Budgeting Dated January 4, 1977

January 4, 1977

Honorable Lawton Chiles
United States Senate
Washington, D.C.

Dear Senator Chile :

In light of your continuing interest and our previous conversations on the subject of mission budgeting, I thought you would be interested that the Armed Services Committee this year is using a new format for its hearings on the overall Defense budget and program.

This new format includes several hearings on some of the major mission areas in the Defense Department as described by the enclosed outline. I believe this approach would be consistent with your thinking and should enable the Committee to quickly identify some of the major issues affecting the budget.

Sincerely,

John C. Stennis

Enclosure

PLANNED HEARINGS OF THE
DEPARTMENT OF DEFENSE FISCAL YEAR 1978 PROGRAM

1. Posture Statement -- Secretary of Defense; Chairman, Joint Chiefs of Staff

2. Overall Defense Budget Preparation -- budget composition, trends, inflation, priorities -- Office of the Secretary of Defense

3. Strategic Nuclear Force Posture -- Air Force, Navy, Office of the Joint Chiefs of Staff, Office of Secretary of Defense.

4. Maritime Posture -- Navy, Marine Corps, Air Force, Office of the Joint Chiefs of Staff, Office of Secretary of Defense.

5. NATO Posture -- Army, Air Force, Navy, Office of the Joint Chiefs of Staff, Office of Secretary of Defense

6. Military Force Summary -- Service Chiefs of Staff jointly.

7. Military Department Management -- policies, efficiency, preparedness, new legislation -- Service Secretaries jointly.

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